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## Clinton's Tortuous Path Through a House Vote Presidential Arm-Twisting Pays Off As Budget Package Clears One Hurdle

By Michael Winick  
New York Times Service  
WASHINGTON — If politics is theater, as the skeptics say, this was classic Hitchcock with a very large dose of Frank Capra.  
There on the House floor Thursday night, Bill Clinton's budget package and his presidency chugging to credibility every bit like Eya Marie Saint clinging to the face of Mount Rushmore in "North by Northwest." Mr. Clinton's Democratic supporters held a 216-to-214 margin.  
Four Democrats still had not voted.  
Two of them, David Minge of Minnesota and Pat Williams of Montana, had been considered likely to vote against the measure, bringing the tally to the 216 mark. The third, Ray Thornton of Arkansas, was sure to support it, giving the president a one-vote edge again.  
That seemed to leave Mr. Clinton's fate up to the Majority Leader, Mr. D'Amico, a first-term Pennsylvania Democrat who had voted against the package in May, when it first came before the House.  
In the pandemonium, she stood at the front of the House chamber. Sander M. Levin of Michigan, a supporter of the measure, was grasping her by the shoulders, his face inches from hers, struggling to be heard above the roar of the 432 other lawmakers on the floor. Speaker Thomas S. Foley of Washington, jaw tight, stood nearby.  
Republicans were flooding the chamber with photocopies of a recent article from The Philadelphia Inquirer and chanting "Goodbye, Margolis-Mezvinsky." It was headlined, "Margolis-Mezvinsky will again cast vote against Democrats." Then the House — lawmakers, aides, packed gallery, press — fell utterly silent.  
Finally, Ms. Margolis-Mezvinsky and Mr. Williams approached the speaker's desk, filled out green cards signifying yes, and presented them to the clerk. Mr. Minge and Mr. Thornton abruptly turned in their seats, and Mr. Clinton's budget proposal was pulled, abruptly and at the last second, back from the precipice.  
Ms. Margolis-Mezvinsky, who comes from a conservative district, had cast a potentially career-wrecking vote. Did the Democrats have some votes in reserve? Probably, but that is part of the theater, too.

Dan Rostenkowski of Illinois, who negotiated the budget package with the Senate, stood outside the big door of his office just off the House floor, tears welling up in his eyes and tugging down his face.  
"I guess they focused on what was important for the country," he said.  
Not long after dawn broke, the Democratic whips in the House went to the lash.  
At 9 A.M., the entire pack met to prepare a list of wavering Democrats and decide which of them would bird-dog which undecideds. At 10:30 A.M., a group of about 15 whips and other lawmakers met for a progress report. They met again and again and again — at 1:30, at 4, at 6, and just before the breathlessly close vote at the end of a draining day.  
Sometimes the targets actually wanted to be lobbied. On Thursday, it was more of a variant hunt. The undecideds wanted pressure to vote for a tax increase about as much as Iowa wants more rain, and so they tended to vanish. That forced the Democratic leaders to stage meaningless votes and quorum calls to flush them out of hiding and onto the House floor.  
There, like big, expensively dressed and coiffed raccoons caught in car headlights, they were pounced on by the whips and relentlessly bludgeoned with promises of favors and political support. If that didn't work, they were hauled before Mr. Foley or called in for sessions with administration heavies.  
Or with himself. Bill Sarpalus of Texas talked by phone with Mr. Clinton four times on Thursday before deciding, about an hour before the vote, to switch from foe to friend. The president hit him with right and left books: a pledge to schedule a vote in Congress on a balanced-budget amendment, and the news, at 8 P.M., that 67,219 low-income taxpayers in his district would receive an extra \$109 million in tax credits next year should the package pass. "That's pretty impressive," Mr. Sarpalus said.  
Norman Y. Mineta of California, as loyal a Democrat as exists, was also ruminating about voting "no" until Mr. Clinton called. Mr. Mineta, an transportation subcommittee chairman, was angry because revenues from the 4.5-cent

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GERMANS FREE AND DEPORT A TERRORIST — Abbas Hammadi, a Lebanese guerrilla, in Frankfurt on Friday as he headed for deportation to Beirut. Mr. Hammadi kidnapped two Germans in Beirut in an unsuccessful attempt to gain the release of his brother Mohammed Ali Hammadi, convicted in the 1985 hijacking of a TWA jet. There has been speculation that he was freed as part of a deal with Bonn that led to the release of German hostages in Lebanon. He has served half of his 13-year sentence.

## Owen Blames Stalemate on U.S. Push for Air Strikes

### Balkan Mediator Fears NATO Bombing Plans Will Undermine Accord

By Paul Lewis  
New York Times Service  
GENEVA — Lord Owen, the Balkan mediator, strongly condemned any unilateral air strikes in Bosnia-Herzegovina on Friday, making clear that he blamed the Clinton administration's recent burst of interest in the use of air power for many of the difficulties confronting his attempt to negotiate an end to the civil war.  
Opposition to the proposed air strikes intensified as NATO ambassadors prepared to meet Monday in Brussels to discuss measures aimed at stopping Bosnian Serbs from "strangling" Sarajevo.  
[The U.S. secretary of state, Warren M. Christopher, warned rebel Serbs in Bosnia on Friday that they must ease their siege on the Bosnian capital or face military action. Reuters

reported. After talks at the Aviano air base in northern Italy with the NATO secretary-general, Manfred Wörner, Mr. Christopher said a final decision should be taken after the Brussels meeting.  
Speaking at a press conference the day after he announced a weekend pause in his efforts to negotiate an agreement among the three Bosnian factions, Lord Owen said he needed air power "in reserve to prevent floating" of agreements after they had been reached.  
But he insisted that "it is important military activity does not drive the political process."  
"The most striking thing is, that up until the air strikes came up in front of everybody, the first five or six days we had a better dialogue than at any time in the last year," he said.  
[The commander of UN forces in Bosnia, General Francis Briquembourg of Belgium, made clear his deep concern Friday that the threats could expose his 9,000 troops to retaliation. Reuters reported.

"I am here and have to take account of the real situation on the ground," he said. "And I can tell you that it is a major worry for me." He added, "It is easier to make threats than to carry them out."  
Lord Owen indicated that the peace negotiations, which are to reconvene Monday, still face serious difficulties, with the warring factions far apart on the boundaries of the three new ethnic republics they are trying to create in Bosnia-Herzegovina, and particularly on the status of Sarajevo.  
Lord Owen's strong opposition to air strikes came as the NATO council prepared to meet in

## Parliament Gives Japan's New Prime Minister a Workable Majority

By J. R. Reid  
Washington Post Service  
TOKYO — A new era of Japanese politics officially began Friday night as parliament handed the reins of government to Shinjiro Hosokawa, who rose to the top by challenging the nation's entrenched bureaucracy and the pro-business conservative power structure that has run Japan for four decades.  
Mr. Hosokawa, 55, flashed his enigmatic smile and then offered a deep bow as the lower house of the Diet elected him prime minister for the first in 38 years who did not represent the Liberal Democratic Party.

"One era has ended," he said after the vote. "A new chapter of history begins."  
The 55-year-old descendant of warlords won 262 votes for an easy victory over the new Liberal Democratic leader, Yobichi Kono, who got 224.  
The figures indicate that he got support from more than a dozen independent Diet members as well as from what the Tokyo press calls the "Not-LDP" alliance. If he can continue to get that much support in the 511-member chamber, Mr. Hosokawa will be able to pass his legislative program.  
In a further symbol of change sweeping Japan's political world, the traditionally conservative and male-dominated Diet elected Takako Doi, a fiercely liberal female member of the Socialist Party, to be the speaker of the House.  
The transformation of power was carried out with great verse and lots of noise in the Diet's lavish mahogany-paneled chamber.  
Members of the seven-party coalition that Mr. Hosokawa heads were in a celebratory mood. Members of the Liberal Democratic Party, which lost its governing majority in last month's national election, were alternately sullen and raucous during the session that officially ended their long period of control.  
The Liberal Democrats, signaling their intention to be

belligerent in their new role as the opposition, had blocked the election of the new prime minister on Thursday and tried to do so again Friday night. Liberal Democratic members rose to their feet and roared with outrage over a minor procedural error by a house clerk. But the play only delayed Mr. Hosokawa's election for an hour.  
Because of the Liberal Democrats' successful delays Thursday, there was no government in place Friday. That meant there was no cabinet member to attend the memorial ceremony—a crucial annual event in Japan—honoring the

## 50 Years Later in Berlin, Jewish School Lives Again

By Rick Atkinson  
Washington Post Service  
BERLIN — For the first time in more than half a century, a Jewish high school in Germany opened its doors, another small step in the rebirth of a culture all but obliterated in the Holocaust.  
Twenty-four students filed into the Jewish High School in Great Hainburg Street in central Berlin at 10 A.M. on Friday, returning to classrooms last occupied in 1942.  
"Today's a great day for the Jewish community," said Jerzy Kania, chairman of Berlin's main Jewish organization. "It's a chance for Jewish culture in a city that once was decisively stamped with it."  
Escorted by their parents, the bewildered students worked their way through reporters outside the school auditorium, pausing long enough to explain why they had chosen this school.  
For 13-year-old Elona Rosenber, who arrived in Berlin from Moldova two years ago, "it's a chance to learn about Judaism, about Jewish culture." Max Goldberg, also 13 but born in Berlin, cited the chance to learn Hebrew. Daniel Sikiriyavi, an emigrant from Moscow, spoke of "getting a good diploma so I can go to college" to become a computer programmer like his father.  
Nearly half of the students, like Elona and Daniel, are Jewish immigrants from the former Soviet Union, according to the principal, Uwe Mull. They are among the 2,500 or so Soviet Jews now living in Berlin, which, with a total population of 9,200 Jews, has Germany's largest Jewish community.  
"For many of them, they're starting from scratch," said Dr. Roman Skolob, a Polish-born physician and one of five board members at the new school. "Our job is to bring Judaism back to them, because Stalinism killed it. We know this is our historical task."  
It also recalls much of what was lost. The modern Jewish community in Berlin had its roots in the 17th century, when the Great Elector, Frederick William, offered protection to

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## Kiosk U.S. Will Attend Test Ban Meeting

WASHINGTON (AP) — The United States will attend a United Nations conference on banning nuclear testing after the White House and the State Department decided that not attending the meeting might alienate developing nations, a U.S. official said Friday.  
The 120-nation conference, to take place in New York on Tuesday and Wednesday, will discuss whether to amend the 1963 treaty on above-ground nuclear testing with a ban on all testing. The United States objects to such a broad international conference for reaching a comprehensive test ban, preferring consultations among the world's five major declared nuclear powers to reach a ban in 1995.  
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Dow Jones	Up 11.46	Trib Index	Up 0.09%
	3,580.43		105.92
The Dollar			
New York	1.697	previous close	1.7117
DM	1.4975		1.4962
Pound	104.425		104.20
Yen	5.9288		5.9358

## On the Road to Prosperity, Rates Aren't the Only Fuel

By Lawrence Malkin  
International Herald Tribune  
NEW YORK — After the collapse last week of the European Monetary System's exchange-rate mechanism, the world is waiting for lower interest rates. They seem to be the preferred way to restore prosperity everywhere, but are they enough?  
In the short run, economic specialists said, interest-rate cuts are the only way to work down the public and private debt that piled up during the borrow-and-spend excesses of the past decade. That debt itself now serves as a drag on what might otherwise be a normal cyclical recovery, and forecasts for Europe have been only modestly improved by the relaxation of the ERM fluctuation bands this week.  
The agonizing passage of President Bill Clinton's deficit-reduction package through Congress demonstrates the difficulty of changing the fundamental attitudes and government programs built up in the past decade. The suspicion remains that the economy needs much more, although no one is quite sure what.  
The problem for all countries is that this is not just the typical postwar business cycle in which companies take a year to work off excess inventory and then start up again, but the end of a historic cycle such as that in which consumer exuberance crashed at the end of the 1920s, or the railroad overbuilding that helped produce the depression of the 1880s.  
"The truth is," said A. Gary Shilling, a consultant who has predicted a global slowdown for several years, "that we all lived too high on the hog in the 1980s, and we now must work off

### Shares Set Records

The London and Paris stock exchanges rose to record closing levels Friday as investors appeared convinced that lower European interest rates were just around the corner. Share prices also closed at a high for the year in Frankfurt and advanced strongly in Milan. (Page 9)

the bill for hiring too many people, building too many buildings, and borrowing too much. It's almost impossible for a politician in today's world to stand up and say that.  
Moreover, he noted, the traditional transition mechanisms of recovery show signs of breakdown. Government fiscal stimulus has been blocked by budget deficits, and the payoff from devaluation is being hampered by low wage and price competition from newly industrialized countries.  
In the United States more than in Europe, a revival in consumer spending has been blocked by debt, growing income inequality between rich and poor, and fear of unemployment.  
Gerard Vila, chief economist of the WEFA forecasting concern, warned that low interest rates may not be the magic they once were because the most immediate beneficiary traditionally is construction — not exactly what is needed with a glut of skyscrapers cluttering

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## Open House at the Palace London Tourists Peek at Queen's Digs

By William E. Schmidt  
New York Times Service  
LONDON — Over the whine of saws and vacuum cleaners, work crews raced Friday to put the finishing touches on the most eagerly awaited opening of London's summer season, an eight-week exhibition of royal wealth and romance tentatively in the making.  
It is the public premiere of Buckingham Palace, the official residence of the royal family, which for the first time will open its gates to paying visitors at 9:30 A.M. Saturday. A full day before tour tickets went on sale, the anxious were already standing in line. About 15 people were camped out Friday morning in nearby St. James Park, waiting to hand over the equivalent of \$12 each for tickets.  
"Who wouldn't want to see how they live, to see what their house is really like?" asked Mary Dunn, 63, a New Zealand tourist and fan of the royal family who spent Thursday night in the park in a sleeping bag. Besides, he said he believed there was some honor in being the first ordinary New Zealander to visit the palace.  
On the streets around the park and the palace, where thousands of tourists daily dodge the swirl of traffic to catch a glimpse of the Changing of the Guard, or strain for a view of the

See PALACE, Page 5

## Real Estate Reality in Hong Kong: No More Gravity

By Kevin Murphy  
International Herald Tribune  
HONG KONG — Spooky from Utopia could be the ticket to apartment living bliss, but nothing is certain now that Hong Kong's volatile residential property market has entered another dimension.  
"It's getting pretty crazy," said Spooky Sun of the Utopia real estate agency, a sleek veteran of the costly scramble for accommodation, which is now defying gravity and fears about Hong Kong's return to Chinese rule in 1997.  
For expatriates who do not get housing allowances, less-than-glamorous shoe-box accommodation shared with others now costs roughly \$5,000 to \$8,000 a month in places where "colonial charm" means it hasn't been painted since Queen Elizabeth II was a teenager, and "green views" describes the fluorescent brown of the tropical slime on the building next door.  
Driven by the British colony's booming economy and Chinese funds hiding from inflation and currency devaluation at home, property prices recently have outstripped affordability measures achieved in 1981, the peak of the last great boom.  
The upsurge carries rental rates along with it, as tenants who have recently learned of 40 percent rent increases can attest.  
"You can buy a house on an acre of land at home for the same price people pay for a month's rent here," said Simon Alderidge, a young New Zealander lured like many from slow-growth or no-growth economies by the chance to profit from China's rapid growth.  
"The American investment houses tend to be quite generous and it's driving the market," said Richard Phelps, director of human resource consulting at Towers Perrin Forsters & Crosby Inc., referring to contracts under which mid-ranking executives get apartments renting for 65,000 to 80,000 Hong Kong dollars (\$8,400 to \$10,300) a month, plus management fees and local taxes.  
"It's probably going to get more expensive during the rest of the year," said Mr. Phelps, of a market in which true luxury is

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STATESIDE / TESTING THE PRESIDENT

POLITICAL MOVES

Clinton's Put Their Trusts in Boston Firms

WASHINGTON — President Bill Clinton and his family have turned over control of their stocks, bonds and other investments to two Boston investment companies to avoid any potential conflicts of interest. According to a trust agreement released Thursday by the Office of Government Ethics, the Clintons last month put assets valued between \$295,000 and \$1.26 million into three blind trusts. The trusts were set up for the president, Hillary Rodham Clinton and their daughter, Chelsea, 13, to "avoid the appearance of any conflict of interest," the agreement states. Essex Investment Management Co. of Boston is the investment manager for the trusts and Boston Harbor Trust Co. of Boston is the independent trustee. The largest of the trusts is Mrs. Clinton's, valued between \$280,000 and \$1.06 million. Because the agreement lists the worth of the Clintons' holdings in broad ranges rather than specific figures, it was impossible to determine the exact value of the trusts. Among the holdings placed in Mrs. Clinton's trust was her stake in a growth fund, Velepartners I, that has invested more than \$1 million in health-care company stocks. Mrs. Clinton, who headed the White House task force on health-care reform, owns a 0.9 percent share, valued between \$50,001 and \$100,000, in the special growth fund managed by Smith Capital Management Inc. of Little Rock, Arkansas. Other holdings placed in Mrs. Clinton's trust include Arkansas state bonds and stock in the frozen yogurt chain TCBY Enterprises Inc., and in the fashion company Liz Claiborne. The president's trust holdings were valued at \$15,008 to \$125,000 in IRAs including various investment funds. Chelsea's fund, valued as high as \$75,000, included stock in AT&T and three regional Bell telephone companies. (AP)

Iran-Contra Counsel Submits Report to Court

WASHINGTON — The independent counsel in the Iran-contra case, Lawrence E. Walsh, submitted his still-secret final report on the scandal to a U.S. appeals court in Washington Thursday for the court's review. A panel of three judges will distribute selected sections of the report to past defendants in the case before deciding whether to make the report public. The court's decision is expected next month. Mr. Walsh, a retired federal judge, spent more than six and a half years reviewing the scandal in the Reagan administration. In the Iran-contra affair, secret military support to Nicaraguan rebels, forbidden by Congress, was financed by secret U.S. sales of weapons to the government of Iran. The sales of the arms had the additional aim of ransom American hostages held by Iranian-backed radicals in Lebanon. Mr. Walsh's investigation was impeded, and indictments he brought were scuttled because the White House and intelligence agencies refused to declassify secret records documenting illegal transfers of arms and money. His final report is expected to contain scathing criticism of the administration's conduct, as well as still-unknown aspects of the convoluted and arcane affair. In December, less than a month before leaving office, President George Bush pardoned officials of the White House, the CIA and the Pentagon indicted in the scandal, including former Defense Secretary Casper W. Weinberger. At the time, Mr. Walsh accused the president of abetting a cover-up. As a result of the pardons, nine of the main participants in the affair face trial. None convicted at trial faces prison. (NYT)

White House Travel Aides Are Off the Hook

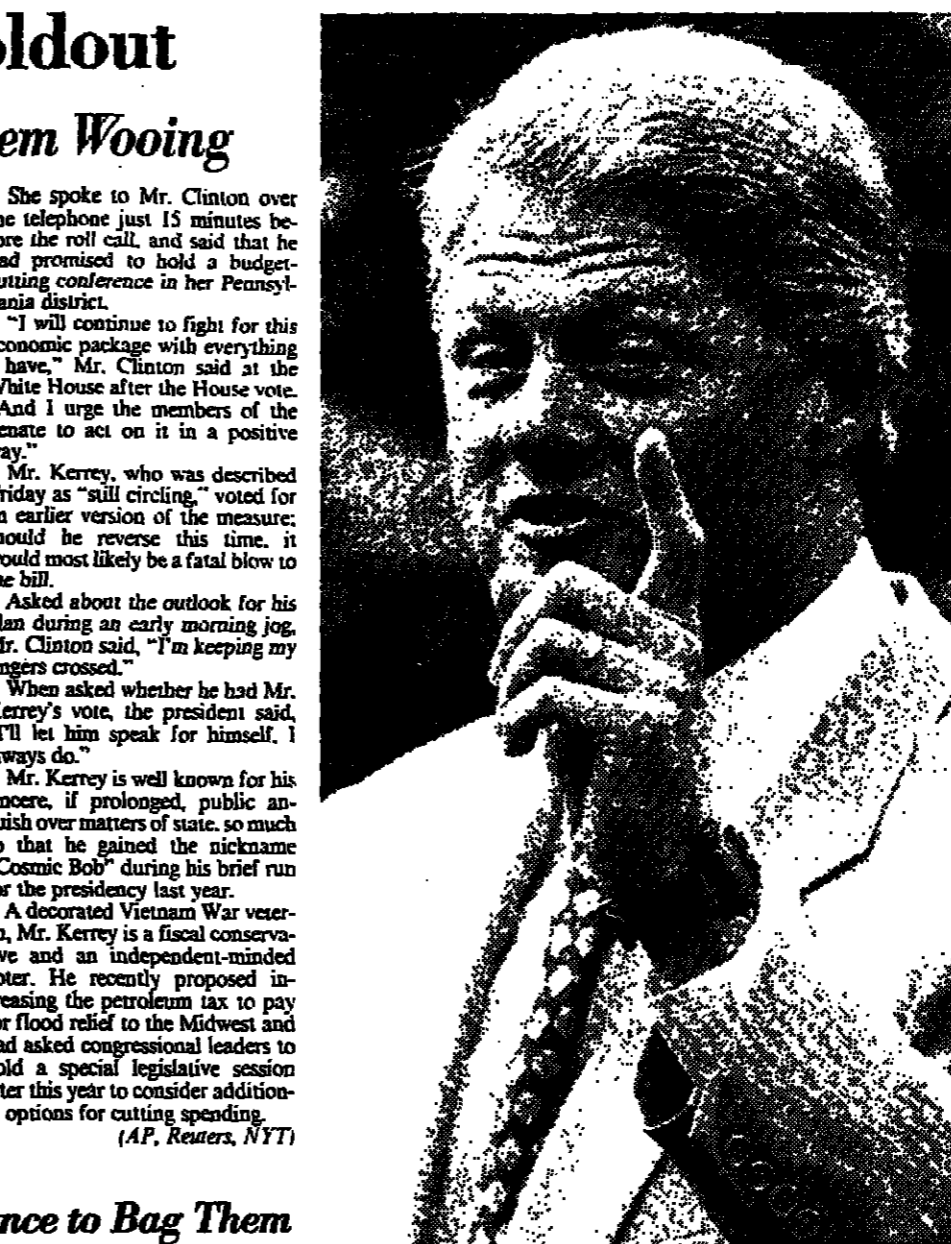
WASHINGTON — The Justice Department has formally notified five government employees who were removed from the White House travel office in May that they are no longer targets of an investigation. The notifications, in the form of letters to each of the five, had been requested by their lawyers. But Carl Stern, a spokesman for the Justice Department, said that the overall investigation was still "active" and that, although the five former employees were no longer its targets, the letters did not exonerate them from any future findings of culpability. The five workers have been on paid administrative leave since White House officials removed them from their positions and suggested that they were suspected of criminal activities involving the management of the travel office. Thomas F. (Mack) McLarty 3d, the White House chief of staff, later retreated from those pronouncements and said that administration officials had acted too hastily. He said the employees could return to other jobs in government once a Justice Department investigation had been concluded. (NYT)

Quote/Unquote

Thomas S. Foley, Democrat of Washington and House speaker, before that chamber's passage of the president's budget: "The easiest thing to do in Congress are to cut taxes and raise spending. That's what we did for the last 12 years for the most part." (AP)

The Budget's Last Holdout How Nebraska Senator Kept Them Wooing

Compiled by Our Staff From Dispatches WASHINGTON — The White House counted on a single undecided senator Friday as an evenly divided Senate moved toward the showdown on President Bill Clinton's deficit reduction package, which has been defined as a make-or-buy measure for the Clinton presidency. The budget bill cleared the House of Representatives on Thursday by the narrowest of margins, 218-216. One fewer vote would have meant a tie, and a tie would have meant a defeat for the White House. The administration expected Senator Bob Kerrey, a rival of Mr. Clinton's early in the 1992 race for the Democratic Party's presidential nomination, to vote for the plan after assurances of more spending cuts in the autumn. The White House budget director, Leon E. Panetta, said Friday. "We hope that approach will satisfy Senator Kerrey's concerns," Mr. Panetta said. "We've got to have Senator Kerrey's vote. We think he'll be there when it counts." "In the end," Mr. Panetta added, "we're confident we're going to win." As the Senate began its concluding debate, tallies showed that 50 senators would oppose the budget bill, 49 were committed to voting for it and Senator Kerrey, who represents Nebraska, was noncommittal. His support would give the White House a victory, since in the Senate the vice president can decide the issue in the event of a tie, as happened on an earlier budget vote. Senator Richard C. Shelby, an Alabama Democrat opposed to the budget proposal, conceded an edge to the White House. "The president has the advantage," Mr. Shelby said. "He's good at this, he has the power of the presidency." Asked what was delaying his decision, Mr. Kerrey said: "It doesn't serve me very well or the public very well to get into a discussion of what my internal thought processes are." Television crews camped out in the hallway outside Mr. Kerrey's Senate office, while inside phones were ringing nonstop with people calling from as far away as Hawaii and soon London to tell Mr. Kerrey how they wanted him to vote. The chairman of the Senate Finance Committee, Daniel Patrick Moynihan, Democrat of New York, also came calling to talk to Mr. Kerrey about the bill. It would raise the top income tax rate to 36 percent from 31 percent for individuals with taxable incomes of \$115,000 and couples with taxable incomes of \$140,000. The rate would rise to 39 percent for income above \$250,000. In the House of Representatives, the outcome wasn't as clear. Thursday night until a freshman Democratic member, Marjorie Marmolles-Mezvinsky, surrounded by insistent House leaders, cast one of the final decisive votes for the measure, two hours after telling a reporter she would vote against it.



Mr. Clinton putting on a brave face as budget wars raged.

VOTES: How Clinton Went the Distance to Bag Them

Continued from Page 1 a-gallon gasoline tax were destined for a new deficit-reduction trust fund instead of the Highway Trust Fund, where money is reserved for road-building and mass transit. Mr. Mineta said that was fixed with a promise: that the \$2.6 billion from the tax would simply be parked in the deficit fund for five years — the statutory life of the budget package. And then it would be transferred wholesale into the Highway Trust Fund. Mr. Mineta said he also mentioned to the president, with only a hint of irritation, that he had written several recent letters to the White House, and that none had been answered. On Thursday night, a White House aide called Mr. Mineta on Capitol Hill. He was carrying three responses. But others were unimpressed. As the day dragged on, Earl Hutto of Florida and Calvin M. Dooley of California, among others, announced that they had switched from supporting to opposing the budget package. Mr. Hutto said he had turned down a plea from Mr. Clinton on Wednesday night. "I've gotten lots of calls" from citizens who don't like the package, he said. "Lots of calls." Just to emphasize it, he added, "Lots of them." By late Thursday afternoon, the Democrats were still well shy of the votes they needed to send the budget package to its next bungee-jump, in the Senate. Nobody was smiling as the Democratic lawmakers charged with persuading colleagues to vote for \$250 billion in new taxes and \$250 billion in Medicare cuts, Social Security reductions and other cuts strode down the Capitol's glittering marble center hall, into the fifth of the day's seven strategy sessions. Even the statues lining the corridor, historic totems of the first rank, were heavy with portent. James Paul Clarke, turn-of-the-century Arkansas governor and senator, famous for not replying to constituent mail.

The Reverend Joseph Damien of Hawaii, founder of a leper colony. Philo T. Farnsworth, Utah farmer, one of the inventors of television and as such a remote godfather of that maker and breaker of legislative careers. C-SPAN. The whips were engaged in a bout of self-flagellation. Mr. Clinton's political future lay in their hands, and they were worried that they might drop it. "We're solid at 200 votes, maybe 206," said one of the chief Democratic vote counters. "We're down 10 votes, but those 10 are very hard to find. They're just not moving the way we want them." Another, Romano L. Mazzoli of Kentucky, spoke the unspeakable: "What would happen if the bill went down? I don't know."

Britain Rejects Appeal By a U.S. Abortion Foe

LONDON — Britain has rejected an appeal by the American anti-abortion campaigner, Don Treadman, against a deportation order and barred him from entering the country again, officials said Friday. A judicial spokesman said the Immigration Appeals Tribunal had dismissed an appeal by Mr. Treadman, leader of the anti-abortion group Rescue America, who came to Britain in March. Britain ordered the deportation after his supporters staged protests outside London abortion clinics.

41 Democratic Dissenters

WASHINGTON — In the 218-216 vote by which the House of Representatives passed the president's budget, 217 Democrats and one independent were in the majority. Voting against were all 175 Republicans in the chamber and 41 Democratic "deserters." The Democrats voting against were: ALABAMA: Glen Browder; ARIZONA: Sam Coopersmith; ARKANSAS: Ray Thornton; CALIFORNIA: Gary A. Condit, Calvin M. Dooley, Richard Lehman; FLORIDA: Earl Hutto; GEORGIA: Nathan Deal, J. Roy Rowland;

41 Democratic Dissenters

ILLINOIS: William O. Lipinski; INDIANA: Jim Leach; IOWA: Tom Reeson; KENTUCKY: Scott Baesler; LOUISIANA: James A. Hayes, W. J. Tauzin; MINNESOTA: David Minge, Collin C. Peterson; MISSISSIPPI: G. V. Montgomery, Mike Parker, Gene Taylor; MISSOURI: Pat Danner; NEW HAMPSHIRE: Dick Sweet; NEW JERSEY: Robert E. Andrews, Herbert C. Klein, Frank LaRose Jr.; OHIO: David S. Mann, James A. Trafletti, Jr.; OKLAHOMA: Bill K. Brewster, Glenn English, Dave McCurdy; TENNESSEE: Bob Clement, Marilyn Lloyd; TEXAS: Tim Chapman, Charles Edwards, Pete Green, Ralph M. Hall, Greg Langhino, Charles W. Stenholm, UTAH: Bill Orton; VIRGINIA: Owen B. Pickett; WASHINGTON: Jay Inslee.

U.S. Sees Broader Conspiracy in UN Plot

By Mary B.W. Tabor New York Times Service NEW YORK — The men who plotted the United Nations and other targets in New York City also discussed kidnaping, hostage-taking and "myriad other terrorist activities," according to a federal prosecutor. The disclosure, contained in a letter to a federal District Court judge, Michael B. Mukasey, was the first indication that the 11 defendants under arrest may have been involved in a conspiracy broader than the foiled bombing plans already outlined. It was not clear whether plans were actually drawn for the kidnappings and hostage-taking. The prosecutor, Andrew C. McCarthy, an assistant U.S. attorney, gave no further details in his letter, which he sent principally to assure the judge that government lawyers were proceeding ethically. The suggestion of a wider plot came as officials said the FBI was conducting an intensive investigation of other terrorist cells, including some they believe are linked to the suspects in the foiled plot and the World Trade Center bombing. It also came as Mr. Mukasey, responding to news reports on transcripts of taped conversations made by a government informer, ordered prosecutors and defense lawyers not to give reporters any information from the investigation of the foiled plot. In a relatively unusual move to prevent further leaks, Mr. Mukasey also ordered the government lawyers to produce a list of police and

FBI supervisors who have been involved in the investigation. The supervisors, he said, will be asked to submit sworn statements about contacts they or their workers have had with reporters and say how they planned to suppress leaks. Legal experts were surprised by the move and said that in a case involving so many police officers, federal agents and other law-enforcement officials, it would be virtually impossible to discover a source of leaks to the press.

Away From Politics

The largest single U.S. lottery payoff — \$111 million — will be split by a teacher and a fiancée, according to a ruling by Circuit Judge Gerald N. Rosen. Leslie C. Robbins bought the ticket and wanted to share it with Colleen DeVries, but a court order was needed because Wisconsin doesn't allow the lottery to pay jackpots to anyone but the ticket holder. Hollywood's "widest to the stars" was charged with running a call-ring and trafficking in cocaine. Heidi Fleiss, 27, whose client list has been reported to include celebrities and studio executives, could get 11 years in prison if convicted.

Dr. Jack Kevorkian challenged the courts by telling the press that he had given Thomas Hyde, who was terminally ill, the mask, carbon monoxide and other equipment needed to commit suicide. Dr. Kevorkian said he was responding to the prosecutor John O'Hair's call, published in The Detroit News, to "say the magic words that he physically assisted in the suicide." A new Michigan law prohibits such activity. In a daytime ambush in Philadelphia, gunmen killed the brother of that city's Mafia underboss and shot another mobster. The attack is part of a renewed power struggle within the Philadelphia-South Jersey mob, which for three years had pitted the victim, Michael Cincaginni, against his older brother, authorities said. WP, AP, NYT, Reuters, AFP

A Hint of Détente Angers Miami Cubans

By Larry Roeder New York Times Service MIAMI — In a rare instance of cooperation between the United States and Cuba, federal law enforcement officials are pursuing with Havana's help, criminal charges against a pilot who commandeered a Cuban commuter flight last year and flew the airplane and its 52 passengers to freedom. To the alarm and anger of the large and powerful Cuban exile community here, crew members who had returned to Cuba were brought back to Miami this week to meet with federal prosecutors, according to lawyers for the pilot, Carlos Canicio Fortes. The government's decision to proceed with the case has enraged Cuban-Americans here, many of whom risked their lives aboard boats, rafts or planes to flee the

Castro regime and consider Mr. Canicio a hero. The lawyers said the Cuban witnesses were seen entering the federal courthouse here Thursday to testify before a grand jury that was meeting there. The government's decision to proceed with the case against Mr. Canicio comes amid several recent signs that Washington and Havana want to lessen the mutual hostility that has prevailed since Fidel Castro seized power 34 years ago. Since the Clinton administration took office, Mr. Castro, who has seen Cuba's economy sharply decline with the collapse of the Soviet Union, has made repeated overtures to the United States, while Washington has made some modest proposals of its own. Late last month, the State Department announced it would lift the limits on the number of tele-

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Herald INTERNATIONAL Tribune

Published With The New York Times and The Washington Post

Prosecute War Criminals

With much huffing and puffing, the United Nations pledged in February to establish an international tribunal to prosecute war crimes in the Balkans. Seven months after this Security Council declaration, little has happened.

World can be informed of the horrors that have been perpetrated. Political leaders who condone war crimes may escape legal accountability, but not opprobrium.

Why Intervene in Bosnia

The consideration of American air strikes in Bosnia is suffering from a basic confusion about ends and means. Basically, there could be three purposes of strikes.

political planning so as to select the objectives appropriate to the force that might now be deployed, and careful military planning as well. Strikes in this context would not be feel-good substitutes for effective aid.

Catching the Sea Foulers

Many weekend sailors would sooner put into shore than toss a beer can or plastic cup overboard. Regrettably, no comparable sense of environmental stewardship burdens the corporate managers and captains of some of the huge cruise ships that ply America's offshore waters.

The 1987 Marine Plastic Pollution, Research and Control Act established rules for disposing of all ship-generated garbage and Italy banned dumping plastics, which take 400 years to decompose and kill an estimated million birds and 100,000 sea mammals and turtles every year.

Other Comment

Japan: Better Late Than Never
It may be that Japan at long last is coming to terms with World War II.

Japan's role in World War II often becomes an issue when the emperor travels abroad. In his 38 years of rule the LDP has consistently resisted recognizing Japan's war responsibility.

The Lame ERM Isn't Europe's Only Dud Mechanism

WASHINGTON — We are witnessing the final acts of an economic tragedy. The exchange-rate mechanism created a deep and needless recession in Europe. The mechanism's defeat is good news. Europe may finally recover from its bout of economic insanity.

By Robert J. Sammelson
imports from the rest of Europe would have been cheaper and its exports more expensive. Europe's leaders made neither choice.

ERM to all but abandon fixed exchange rates and allow most currencies to fluctuate 15 percent up or down from designated rates. It would have been better to suspend the system entirely. This may yet happen.

former Soviet Union would have benefited from a healthier Western Europe, which is, after all, the natural market for their exports. Europe's essential problem transcends economic. It is political and intellectual.

The Bundesbank has been widely cast as the villain in the present crisis. Perhaps it might have cut interest rates faster, but blaming it for the crisis is absurd. Why shouldn't Germany stop rising inflation? The real villain was the exchange-rate system, which compelled other countries to adopt Germany's high interest rates.

BALTIMORE — France ceded its economic policy to the European Community. The result has been a nasty recession and severe asset price deflation. Speculators know that France's so-called strong fundamentals are a mirage.

By Steve H. Hanke
than the balance sheets of French banks and businesses. At taxpayers' expense, banks made huge profits on recent currency trading operations. That has allowed them to restore, to some degree, their sagging capital.

The writer is a professor of applied economics at Johns Hopkins University and a member of the Steering Committee of the G-7 Council in Washington. He contributed this comment to the International Herald Tribune.

A Modern Tale of Two Cities, Both of Them Named Singapore

SINGAPORE — This must be the best planned, best maintained city in the world. The streets are clean, the transit system efficient. If you are seen dropping a piece of paper in a park, you may be given an apron and put to work for several hours cleaning up.

By Anthony Lewis
smaller bedrooms, another bath, kitchen and living-dining room. It cost them \$50,000 six years ago. They could sell it now for \$200,000. How can public housing work so well in Singapore when it is in such trouble in America?

Singapore. Drugs are hardly a problem. The penalty for importing them is death. Anyone can be tested for drugs at any time, and if the test is positive, sent off for treatment — without a right to object. The threat of Chinese gangs is controlled by holding about 1,000 suspected gang members in detention without trial.

Dr. Chee was fired from his position at the National University of Singapore, ostensibly for misusing about \$130 million of university funds for a courier service — an expenditure approved by the head of his department, a government member of Parliament. When he said the firing was political, various university employees made no action against him. He told the press the charges were false. They said him for libel.

Thailand, Flying High, Approaches Unscheduled Turbulence

HONG KONG — At first sight, all seems well in Thailand. Democracy is holding the ground gained in its great leap forward last year when popular support for it drove the generals to the sidelines. The economy continues to expand apace, with latest forecasts for 1993 of 7.5 to 8 percent growth, one of the highest rates in the world.

By Philip Bowring
growing, but the outlook for private investment is dull. In the low-skill sectors such as textiles and shoes, Thailand is being undercut by China, Indonesia and Vietnam. Prices have been falling and margins have been wiped out.

Government finances are in good shape, but the national accounts are not so healthy. There is need to worry about foreign debt, but now stepping down so much more than has been incurred by the private sector and the banking system rather than by the government. But with a current account deficit of \$3 billion, or 6 percent of GDP, debt has reached a level which may not be high by Latin American standards but is for Thailand.

Thailand is an optimistic country. Its success in modernization — now going back 140 years — and economic growth rest on opportunism and adaptability, not on the "good luck" ascribed to it by baffled foreigners. But perhaps it has been a little carried away by its success, and looking less and the West, self-conscious of how far ahead it is of once equal neighbors and rivals, Vietnam and Burma.

Betting on an Economic Prescription

WASHINGTON — During the Vietnam War period, the left in America argued that Americans could best earn the gratitude and respect of the world by tending first to domestic concerns. The right said that this was how to earn the world's pity and contempt. The argument waxed hot and heavy but never got fully resolved and was eventually overtaken by the end of the Cold War.

By Stephen S. Rosenfeld
Clinton administration's battle of the budget is much less somber and equivocal. I have often informed foreigners, I have observed, can quickly get lost in the muck of Washington's day-by-day affairs. But they can discern and respect signs that an American leader is taking charge. They want him to succeed at home, not necessarily because they believe the United States to be a political or moral exemplar — that varies — but because they need the political and even the psychological support of American global leadership. For them these translate into stability, predictability, steadiness, togetherness: a club of common interest.

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IN OUR PAGES: 100, 75 AND 50 YEARS AGO
1893: Gallant Leopard
PARIS — Leopold II, King of the Belgians, appears to have had a very narrow escape from serious injury. According to the Belgian News, His Majesty some days ago, at great personal risk, stopped a runaway horse in the Avenue Louise, in spite of the warnings of his side-de camp. The King received the full shock of the collision and afterwards assisted the thrown rider to remount. After stating that the accident was a question of obedience without any question of confidence in his power, he returned to his study.

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1943: U.S. Takes Troina
ALLIED HEADQUARTERS IN NORTH AFRICA (From our New York edition) The American 1st Division captured yesterday [Aug. 7] the important mountain town of Troina, guarding the main road leading into the heart of German-held territory in Sicily. In taking the town, the boys from Brooklyn and other odds from the Northeastern states drove out some of the best German troops engaged in Sicily. The victory coincided with an all-out offensive by the Allied air forces against the German airbase in Sicily, the Strait of Messina and the adjacent territory.

# Bargain Buys for Ceramics Fanciers

LONDON — There are few areas where buying art still is a pure lark. As they sat out Christmas in a packed room, many old-timers were thinking that this is just about the last field where collecting remains affordable to all but the most desperate art lovers.

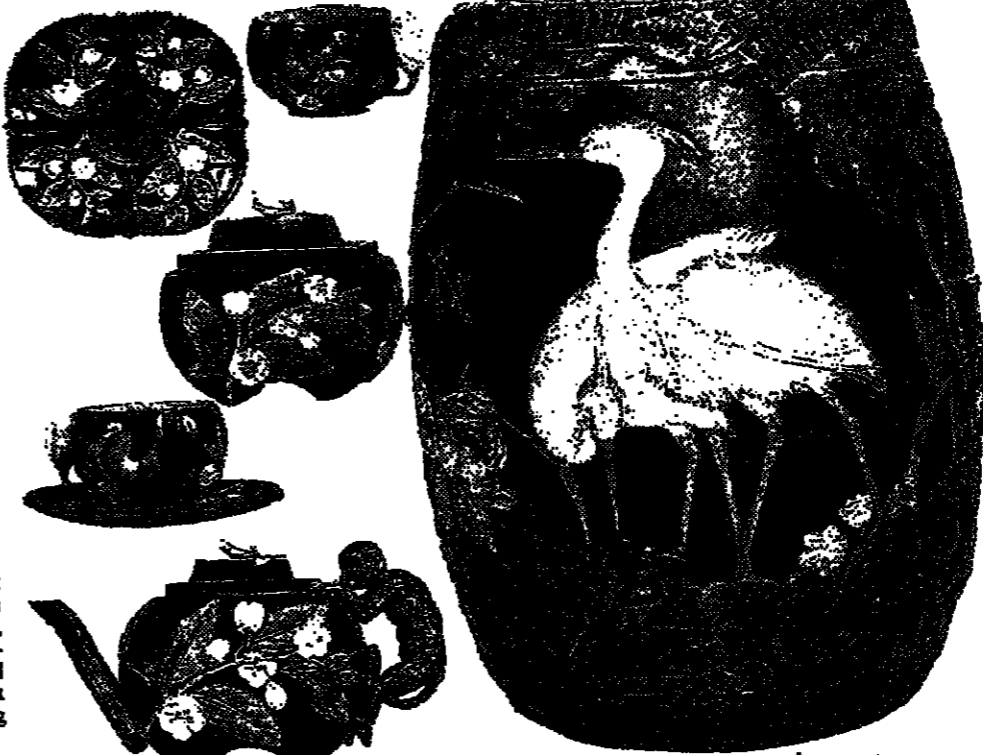
## SOUVENIR MELIKIAN

piece, if not the most ambitious ever, for only £66 (\$100)? That was the price for an Irish tea mug decorated some time between 1863 and 1890 with a printed pattern of blossoms and ribbons in grayish green on a plain pottery ground that has taken on the color of weathered ivory.

In the 19th century, Belleek was renowned for its porcelain, pottery being reserved for everyday household use. But precisely for this reason, not a great deal of pottery has survived rough handling.

There was an even better coup to be made in a rarefied area. "Pearlware," another special kind of porcelain with a very smooth appearance, was produced in St. Anthony's Pottery, in Newcastle. Among its rarer creations are neoclassical pieces such as the circular inkwell of the early 19th century included in Thursday's sale.

It took a lot more to get the finest of Belleek that day but the numbers involved were still minimal, when compared with most other fields. The factory became famous in the last century for its creamy wares in a special kind of porcelain made by mixing gum arabic with kaolin.



"Monkey tea-set" from Stoke-on-Trent, 1875, left; majolica garden seat.

creamy, glistening piece of the early 20th century must have greatly satisfied the buyer who got it for £1,430.

There was an even better coup to be made in a rarefied area. "Pearlware," another special kind of porcelain with a very smooth appearance, was produced in St. Anthony's Pottery, in Newcastle. Among its rarer creations are neoclassical pieces such as the circular inkwell of the early 19th century included in Thursday's sale.

THE sides are incised with interlacing circles and the body of a vase perched on the circular top is molded with lozenge faceted bosses. But the neck of that same vase is in the shape of serrated leaves fanning out, and a lion with crossed legs and a cartoon touch to its frowning mask is irresistible.

Jones, who set up his firm at the Old Bridge Works in Stoke-on-Trent in 1861. The factory became renowned for its "majolica."

For sheer novelty, however, the prize that day goes to a highly unusual piece of English delftware. The octagonal dish with circular well has a neoclassical shape borrowed from Roman antiquity that is rare enough at such an early date as 1739, the year painted on the underside.

If the pleasure of discovery was one of the attractions of the sale on Thursday, so was the fact that the finest is still available in this field. This is true of Victorian pottery. Thursday's sale included an interesting group of vessels by George

Even more interesting is the garden stool, barrel-shaped as are the Chinese Ming models that have inspired it. The decoration, on a Far Eastern theme, is otherwise vastly different from any Chinese model. The two cranes in low relief that wade energetically through leaves are striking. Despite visible repairs to the once-deep lapis lazuli ground, a specimen went up to £770, which is about what it would be worth if perfectly preserved, Tippet remarks.

Probably the best Victorian piece that day was the display dish datable to the year 1859 that was commissioned by the Crystal Palace Arts Union. The Tudor rose in the center and the holy and mistletoe in the quartered panels on the rim display the same crisp sculptural effect as the George Jones monkey tea service. Intact, it made a highly reasonable £900. This is the kind of pottery that Edward Burne-Jones and the pre-Raphaelites would have raved about. But unlike their paintings, it has remained virtually untouched by speculators, essentially because wanting to buy these pots requires far greater personal involvement. Those who wish to collect them must first do the rounds of dealers, auction houses and museums to train their eye.

That is equally true of the more traditional wares of the 18th and 19th century. In order to respond to the highly unusual Empire coffee service made at Meissen in the early 19th century, which cost a moderate £278, you must know a lot about Meissen — enough to be sure, for example, that this is not white Meissen decorated elsewhere, perhaps later, with these pictorial scenes in gold frames on broad expanses of white. The Munich dealer who bought them surely has that knowledge, as did the private collectors who operated that day.

AS I sat out the 200-lot morning session briskly taken by James Collingridge, I was struck by that indescribable feeling of complexity of quiet mutual understanding, that is perceptible among those who share a sophisticated knowledge and a common purpose. It was a throwback to a distant past, when there was no auction house "spokesmen," no "press releases" — none of the insufferable pretensions that so easily go with art these days. It was another world that survives here and there, on the more modest ebullience of the art market to lead its own happy life.

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Vitali Komar holding his concept for an electronic sign on the Lenin mausoleum.

## Recasting Leninist Icons

By Steven Erlanger  
New York Times Service

MOSCOW — What is to be done, as Lenin's phrase goes, with all the monstrous rubbish of "scientific socialism"? All the fascist iconography and brutal, block-headed statues of factory workers and collective farmers? All the Lenin statues? Sergei Bazilyev suggests diving a stake through each Lenin head; Anton Litvin would tilt them all on their pedestals; another artist would hang signs from their outstretched arms, indicating the number of kilometers from Moscow.

Vladimir Nekrasov, a Russian émigré now in Brooklyn, would take all the remaining Lenins, in their hundreds, and in all their varying attitudes — the gesturing Lenin, the contemplative Lenin, the sitting Lenin, the Lenin belling up to the future — and set them in a direct line from Volgograd (the former Stalingrad) through Moscow and St. Petersburg (the former Leningrad) and out into the Gulf of Finland, thus "expelling communism back to the West, from where it came."

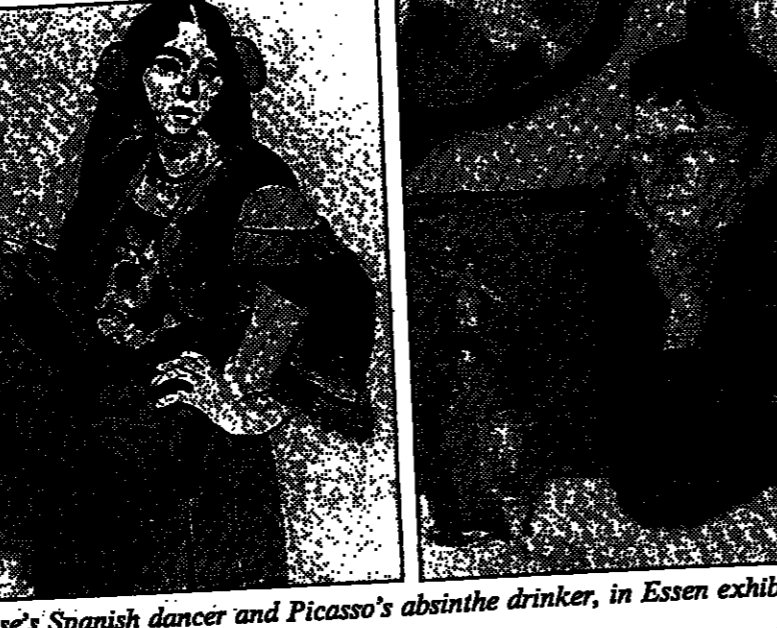
So they asked both Russian and Western artists to imagine new ways to use this monumental propaganda, ways that would also comment on it. To save history, as Komar, 49, suggested in an interview at an art gallery here, but also to make its objects useful for a post-totalitarian age. Joining with Josef Bakshiatin, the director of the Institute of Contemporary Art in Moscow, they published an appeal to artists in the May 1992 issue of Artforum magazine.

But there are also ideas that are both amusing and powerful. Vladimir Paperny suggests turning the enormous Obelisk to the Conquest of Space near the Cosmos Hotel into a children's water slide, while Igor Makarevich would replace the 36-foot (11-meter) rocket at its tip with a 36-foot coffin.

## A Tribute to Moscow Visionaries

By David Galloway

ESSEN, Germany — The latest acquisition, a canvas by Paul Gauguin, was concealed behind a velvet curtain. As he drew aside the drapery, the chronically stuttering host confided to his guests. "This was painted by one m-m-madman and bought by another m-m-madman." The adventurous collector, Sergei Shchukin, revealed in tweaking the noses of Moscow's haute bourgeoisie, but he relished even more his aesthetic safaris through Parisian galleries where the avant-garde spirit was roaring to life. There, in the years before World War I, Shchukin acquired 51 Picassos and 37 works by Matisse. Paintings by Cézanne and Monet, Renoir and Rousseau also numbered among the trophies on view in Shchukin's Moscow palace.



Matisse's Spanish dancer and Picasso's absinthe drinker, in Essen exhibition.

As an energetic, visionary collector of early modernist works, Shchukin had only two significant rivals. One was his compatriot Ivan Morozov, also a Moscow textile baron; the other was the German Karl Ernst Osthaus, who founded Essen's Folkwang Museum. There is thus a sweet if belated poetic justice in the fact that the Folkwang is now hosting a show honoring the Russian pioneers.

It is clear that the two collections were shaped by a competitive spirit. Both collectors acquired Cézanne self-portraits and Monet haystacks, just as they vied to possess the most voluptuous works by Gauguin. Matisse, however, remained Shchukin's monopoly. The Russian encouraged his favorite to work in monumental forms, including the Dionysian "Music" and "Dance." When Matisse exhibited the works, tout Paris mocked at their primitive air, but from Moscow came a terse telegram: "Desire to acquire your paintings, S.S."

hine held the modernist banner aloft in Germany, but he could hardly compete with the fabulously wealthy Muscovites. In 1914, they possessed between them an inventory that any museum might covet: 18 Monets, 26 Cézannes, 27 Gauguins, 48 Matisse's and 54 Picassos. Four years later, in a decree signed by Lenin, both collections were confiscated and "placed under the protection of the state." The holdings were subsequently consolidated into a short-lived "Museum for New Western Art." By that time, however, the collectors had both emigrated — Morozov to Germany, where he died in 1921, Shchukin to Paris, where he lived until his death in 1936.

The museum they so unwittingly founded soon closed its doors to the public; the collectors' names were expunged from official records, and the pictures vanished into storage. They were nonetheless sufficiently valued to be evacuated to Siberia during World War II. Later, they were divided up between the Pushkin Museum in Moscow and the Hermitage in St. Petersburg. Only after Stalin's death did key works emerge from the sellers, though without acknowledgment of their provenance. The significance of the Essen presentation thus consists of more than a rare chance to view Matisse's breathtaking "Red Room," Picasso's majestic portrait of the dealer Ambroise Vollard or his

hypnotic study of a dazed "Absinthe Drinker." Above all, what is on view here is the passionate pilgrimage of two inspired collectors who bought with their eyes, not their ears, and who risked social scorn rather than seeking a sociable peck on the cheek.

The Essen show, which will also be seen in Moscow and St. Petersburg, represents the collectors' rehabilitation, and it has thus found favor with Shchukin's 78-year-old daughter Irina. Earlier this year, on the occasion of the immensely popular Matisse retrospective in Paris, she sought a court order to have works confiscated from her father's collection removed from the show and returned to the family. She failed in her efforts, but Essen's curators nonetheless breathed a sigh of relief when the heirs agreed to forgo a similar attempt through the German courts. This, after all, is the first public presentation in which the collectors themselves are honored, and Irina Shchukin has wished the Folkwang "a complete success."

The exhibition runs through Oct. 31.

David Galloway is an art critic and free-lance curator based in Wuppertal, Germany.

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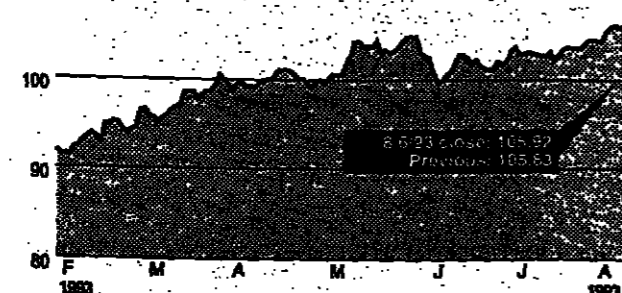
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Table with 3 columns: Asia/Pacific, Europe, N. America. Includes sub-tables for Industrial Sectors (Energy, Utilities, Services, Finance) and various stock indices.

For readers desiring more information about the International Herald Tribune World Stock Index, a booklet is available free of charge by writing to Trib Index, 101 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

## Kodak Fires Its Chairman

### Deeper Cost Cuts Needed, It Says

NEW YORK — Eastman Kodak Co., citing the need for deeper and faster cost cuts, on Friday announced the latest in a line of blue-chip U.S. companies to replace its chairman.

The world's largest photographic-printing and film maker said it would look outside its management ranks for a successor to Kay R. Whitmore as chairman and chief executive. The move comes amid intense pressure from institutional investors unhappy with the company's performance.

Kodak's board of directors said in a statement that "there is a clear need to move faster and further on operating cost efficiencies and enhanced earnings."

In a message to employees, Mr. Whitmore, who will stay on as chief executive until a replacement is found, said the board believed "Kodak should do more, faster on earnings improvement and cost efficiencies."

Mr. Whitmore, 60, has been under fire since the departure of Christopher Steffen, a turnaround specialist, as chief financial officer on April 28. The two clashed over the pace of the company's restructuring, which analysts said could lead to as many as 20,000 layoffs and major asset sales.

### ECONOMIC SCENE

## Deficit-Reduction Won't Boost Low U.S. Savings

NEW YORK — The deficit-reduction plan that President Bill Clinton was trying to squeeze through Congress this week promised to reduce the federal budget deficit by close to \$500 billion over five years — \$50 billion the government would otherwise have bid away from private investment or borrowed abroad.

But to William Gale and Robert Litan, economists at the Brookings Institution, this glass is decidedly half empty. By their reckoning, the fact that Washington has turned itself inside out just to buy a few years' grace on the deficit is evidence the long-term fight for fiscal rectitude has already been lost.

### CURRENCY & INTEREST RATES

Table with columns for Cross Rates, Eurocurrency Deposits, and Other Dollar Values. Includes data for various currencies and interest rates.

## EC Plan 'Alive and Well'

### Unity Effort Outlasts Currency Crisis

By Laura Colby  
International Herald Tribune  
PARIS — Europe's currency grid may be on the rocks, and monetary union is a speck on the horizon, but broader plans for European unity ranging from the single market to common trade policies are still on course.

The single market "is alive and well as much as it was before the crisis," said Riccardo Perissich, who led the single-market program and is currently the European Community's director-general for industry.

EC unity is a lot more than having a single currency. The Community's goal of becoming a single trading bloc in which goods, services and people can move freely has not been affected, even though the goal of monetary union was undeniably dealt a serious setback when EC currencies broke out of their system of pegged exchange rates last week.

## U.S. Joblessness Dropped in July To a 2-Year Low

WASHINGTON — The U.S. unemployment rate dipped to its lowest level in nearly two years during July, while businesses added a modest 162,000 jobs to their payrolls, the government said Friday.

The jobless rate fell to 6.8 percent from 7.0 percent in June, sliding to its lowest mark since the 6.8 percent rate in September 1991.

Separately, Laura D'Andrea Tyson, the chairman of the president's council of economic advisers, said she expected the economy to grow "in the neighborhood" of 2.1 percent this year, down about 1 percentage point from the earlier official estimate of 3.1 percent growth.

## Stocks and Mark Rise on Rate-Cut Expectations

### London and Paris Stocks Close at Highs

### France Makes a First Step

LONDON — The London and Paris stock markets rose to record closing levels Friday as investors appeared convinced that lower European interest rates were just around the corner.

PARIS — The Bank of France made a gesture to ease high money market rates on Friday, but its tentativeness drove home the government's message that there will be no dash to cut interest rates after the virtual float of the franc.

banks at 10 percent. The rate, normally used by banks for last-resort borrowing, had been suspended on July 22 to discourage speculation against the franc.

## VW and Opel Workers Deplore Dispute

WOLFSBURG, Germany — Workers at Volkswagen and Opel appealed Friday for their companies to end a damaging battle over allegations of industrial espionage.

Four boxes of documents were discovered in an apartment of two former Opel employees.

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### THE FRONT PAGE 1887-1992

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# Italian Firms Sail Into New World

## Law on Bank Holdings Undermines Family Empires

By Karina Robinson  
*Special to the Herald Tribune*  
LONDON — The Italian economy, long dominated by family-owned enterprises, seems to be moving more toward the German model of an economy dominated by banking companies as a result of a new law.

In a reversal of a law dating from 1936, commercial banks are to be allowed to take stakes of as much as 15 percent in other companies. Although the new law merely brings Italian practice in line with an EC directive on the subject, commentators point out that it was introduced a few weeks before the Ferruzzi debacle, when the debt-laden industrial and agricultural group was forced to cede control to its creditor banks.

The Bank of Italy insists the new law is not just a dressed-up attempt to save troubled companies. But doubtful debts in the corporate sector are estimated at between 50 trillion and 70 trillion lire (\$3.18 billion and \$4.65 billion), and the research organization Prometeia is forecasting a 20 percent increase this year.

Even Treasury Minister Piero Barucci has pointed out the troubled state of much of corporate Italy. At a recent conference of ABI, the Italian bank association, he alluded to 10 groups — in "water up to their necks," as he put it — that could no longer service their debts, and he said he was studying fiscal incentives to help.

Mario Noiera, chief economist at the Milan brokerage house Eurocombiare, sees the situation as much more widespread. "The authorities in general are worried about a crisis in the banking sector due to the possible default of all the big groups," he said.

Partly in a bid not to lose control of their companies, the big family owners — with a few notable exceptions — did not make use of international capital sources or the stock market to raise funds. And in their good years, they often failed to reinvest their profits in research and development and in improving their products to keep up with foreign competition.

### Bonn Cuts Russia Trade Prop

BONN — The German government, losing patience with Moscow's persistent defaults, will stop export-credit guarantees for trade with Russia until its record improves, the Ministry of Economics said Friday.

These laws coordinate matters ranging from the sale of insurance policies to levels of sales tax on a new car. They have already been effective in forcing governments to open public contracts to bidders from all EC countries, to take one example. The main failure has been in the plan to allow people to move freely across EC borders without

any passport checks. But that plan, Brussels officials say, will go ahead soon.

International corporations, in particular, favored monetary union because a single currency would enable them to adopt pan-European strategies without concern for exchange-rate gyrations.

In fact, thanks to the growing ties among European nations, the companies — like investors and some governments — already have a surrogate single currency: the Euro. Based on a basket of EC currencies, the unit is widely used as a way of hedging foreign-exchange risks. There are some \$100 billion of Euro-denominated bonds outstanding, and some traders say the sector could get a boost now that the possibility of fluctuation among the different EC currencies is greater.

# German Jobless Grow, Underlining Recession's Depth

By Ferdinand Protzman  
*New York Times Service*

BONN — Germany's persistent recession drove West German unemployment in July up to 7.5 percent of the work force, the highest level for the month since the government began keeping records in 1949, the Federal Labor Office said Friday.

up 27 percent from July 1992. The unemployment rate rose to 7.5 percent from 7 percent in June. In formerly Communist East Germany, unemployment rose to 1.7 million in July or 13.3 percent of the work force, from 1.1 million, or 14.4 percent in June. Excluding persons enrolled in government-sponsored retraining and make-work programs, unemployment in the region is estimated at well over 30 percent.

The sharp rise in unemployment combined with a spate of recent weak economic indicators to dampen hopes that Germany's worst recession of the post-war era is bottoming out and that recovery could begin before 1994. The government this week released June figures showing industrial output and industrial orders had declined, while inflation rose.

Over the past two months, some government and private economists have claimed the worst of the recession is over and that economic growth will return late this year. Since Germany has the largest economy and strongest currency in Europe, a recovery here is a virtual precondition for a rebound elsewhere in Europe. But many experts believe the bottom has not been reached yet.

"The low point has not yet been reached," said Bernhard Jagoda, president of the Federal Labor Office. Friday's unemployment figures supported that view. West German unemployment rose to 2.3 million.

Swissair's Loss Edges Higher  
Bloomberg Business News  
ZURICH — Swissair said Friday that its net loss had increased to 125 million francs (\$62.5 million) in the first half, from 116 million francs in the same 1992 period, due to a "ruinous price war." It said it would cut 1,000 jobs.

# UNITY: Drive Toward Single European Market Survives Currency Crisis

Continued from Page 9  
Trade have been less harmonious, owing to France's disagreement with other members on farm subsidies. Still, the Community's clout is undeniably greater than that of the individual countries.

On agriculture, always one of the most controversial topics among European countries, "the EC has begun to succeed in bringing much more rationalization and beginning to deal with protectionism," said Mr. Calamaro, citing the recent

overhaul of its farm-payments system. The Community is also well on the way to accomplishing its goal of a single internal market, even though it failed to meet its deadline of Jan. 1, 1993, for all legislation to be in place. About 90 percent of the laws required for the single market have been approved by the Community, and about 80 percent have been implemented by the member states, officials estimate.

# Germany Fixes Deadline For Air Accord With U.S.

BONN — The German government, which has threatened to cancel its civil-aviation agreement with the United States, on Friday set a Sept. 15 deadline for talks on a new accord.

Germany while restricting German airlines to 12 American destinations. In November, the two nations agreed on interim amendments to the accord that increased access for German carriers to 25 U.S. destinations.

The Transport Ministry said it had also proposed a seven-year interim pact. This would restrict U.S. airline activity in Germany ahead of a final treaty to be implemented in the year 2000. It would allow German airlines greater access to U.S. skies and calls for a gradual reduction of American services from Germany to third nations.

Lufthansa, Germany's state-controlled airline, has for some time called for an arrangement that would give it equal access to U.S. airspace. The accord is important for Lufthansa, whose revenues from trans-Atlantic business have been falling. Lufthansa revenues generated from North Atlantic operations fell to 16 percent of the total in 1992 from 22 percent in 1989, Lufthansa executives said earlier this year.

### Investor's Europe

Exchange	Index	Friday Close	Prev. Close	Change
Frankfurt DAX		2,360.00	2,356.20	+3.80
London FTSE 100 Index		2,955.20	2,943.40	+11.80
Paris CAC 40		2,700.00	2,698.00	+2.00
Amsterdam AEX		1,230.00	1,228.00	+2.00
Brussels Stock Index		2,850.00	2,845.00	+5.00
Frankfurt DAX		2,360.00	2,356.20	+3.80
Frankfurt FAZ		2,360.00	2,356.20	+3.80
Helsinki HEX		1,332.00	1,333.00	-.10
London Financial Times 100		2,955.20	2,943.40	+11.80
London FTSE 100		2,955.20	2,943.40	+11.80
Nairobi General Index		270.79	269.81	+0.98
Madrid IBS		2,281.00	2,278.00	+3.00
Milano CAC 40		2,749.83	2,745.50	+4.33
Stockholm Allshare		1,999.01	1,997.01	+2.00
Vienna Stock Index		424.20	423.65	+0.55
Zurich SES		346.00	346.00	0.00

- ### Very briefly:
- Virgin Group PLC lost its bid to overturn a ban on Sunday business at its Megastore in Paris, but a French court cut the fine it faces to 1 million francs (\$168,535) a week from an earlier 4 million francs.
  - Lyonnaisse des Eaux-Dumez SA, the building and waste-management company, sold its 13 percent stake in Vallourec SA, a steel-tube maker.
  - VCL the German chemicals-industry association, said it did not expect any domestic growth this year, although foreign sales might improve.
  - Mitteldeutsche Kali AG, an East German salt and potash producer, told workers staging a hunger strike at its Bischofferode plant they must abandon the protest by Aug. 20 or the facility would be closed. It is scheduled to be shut at the end of the year, in conjunction with a takeover by BASF AG.
  - The EC Commission said it was opening an anti-dumping inquiry into U.S. soda-ash imports into the European Community. The substance, also called disodium carbonate, is used in industrial processes, and EC companies said the U.S. share of the market rose to 11.3 percent in 1992 from 0.9 percent in 1990.
  - United Cinema International Multiplex BV, a joint venture between Paramount Pictures Corp. and MCA Inc. that operates movie theaters, will be examined by the EC Commission under fair-competition rules.

# Thorn Calls Off GEC Talks

LONDON — Thorn EMI PLC said Friday it was calling off discussions for the sale of its military-electronics operations to General Electric Co. of Britain.

In a statement, the electronics and leisure concern said the "discussions proved inconclusive and, therefore, have now been brought to a close." Thorn EMI reported on July 9 that it was considering the sale of the military part of its electronics business, but excluding its Thorn Security or civil division, to GEC. Analysts said at the time that such a sale could raise £140 million to £160 million (\$210 million to \$240 million).

# NASDAQ

Friday's Prices  
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP Wire Service of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High	12 Month Low	Div	Yld	PE	High	Low	Label	Chg
12.50	11.00	0.50	4.00	15.00	12.00	11.50	IBM	-.50
10.00	9.00	0.40	3.50	12.00	9.50	9.20	Microsoft	-.30
8.00	7.00	0.30	3.00	10.00	7.50	7.30	Oracle	-.20
6.00	5.00	0.20	2.50	8.00	5.50	5.40	Intel	-.10
5.00	4.00	0.15	2.00	6.00	4.50	4.40	Motorola	-.10
4.00	3.00	0.10	1.50	5.00	3.50	3.40	Texas Instruments	-.10
3.00	2.00	0.05	1.00	4.00	2.50	2.40	Advanced Micro Devices	-.10
2.00	1.50	0.02	0.50	3.00	1.80	1.70	National Semiconductor	-.10
1.50	1.00	0.01	0.30	2.00	1.20	1.10	Linear Technology	-.10
1.00	0.70	0.00	0.20	1.50	0.80	0.75	Maxim Integrated	-.05
0.70	0.50	0.00	0.15	1.00	0.60	0.55	Microchip Technology	-.05
0.50	0.30	0.00	0.10	0.70	0.40	0.35	Altera	-.05
0.30	0.20	0.00	0.05	0.40	0.25	0.22	Atmel	-.03
0.20	0.15	0.00	0.03	0.30	0.18	0.16	Winbond	-.02
0.15	0.10	0.00	0.02	0.20	0.12	0.11	Siemens	-.01
0.10	0.08	0.00	0.01	0.15	0.09	0.08	Philips	-.01
0.08	0.06	0.00	0.01	0.10	0.07	0.06	Hitachi	-.01
0.06	0.04	0.00	0.00	0.08	0.05	0.04	Sony	-.01
0.04	0.03	0.00	0.00	0.05	0.03	0.02	Panasonic	-.01
0.03	0.02	0.00	0.00	0.03	0.02	0.01	Samsung	-.01
0.02	0.01	0.00	0.00	0.02	0.01	0.00	LG Electronics	-.01
0.01	0.00	0.00	0.00	0.01	0.00	0.00	Daewoo	-.01

NYSE Friday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press (Continued)

Table with columns: 12 Month High, Low, Stock, Div, Yld, PE, 1993, High, Low, Last, Offer. Lists various stocks and their performance.

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SAVINGS: Addressing the Root of America's Problems With Financing

Continued from Page 9 seems. went to the affluent, who would have saved anyway. The Brookings economists proposed sticks instead of carrots, requiring savings by everyone under 65 who could afford them. Specifically, they would set a 4 percent minimum savings requirement for families with incomes between \$20,000 and \$40,000. The percentage would rise to a top savings bracket of 10 percent for those with incomes of more than \$80,000. Family savings would be measured from cash flows—the difference between purchases and sales of assets. Failure to meet the minimum would be discouraged with stiff taxes on shortfalls. But exceptions would be made for people paying for college or burdened by medical bills. Mr. Litan acknowledged there would be ambiguity in the definition of savings, and thus loose ends to any regulations. But he said he thought forced savings would be more popular than tax rises or government spending cuts—after all,

savers could park the money pretty much where they chose and get it back with interest when they retired. He estimated it could add up to 4 percentage points to the national savings rate, a significant advance in an economy that currently saves 2 percent of income in a thrifty year. Conservatives were not persuaded. Rudolph G. Penner, a former director of the Congressional Budget Office, offered the classic objection: "I dislike government man-

dates." John Malkin of the American Enterprise Institute called the proposal "sick and wrong," adding, "It would be a major invasion of personal liberties." Forced savings also draws criticism, albeit tempered, from non-conservatives. Richard Cooper, a Harvard economist who worked for the government under President Jimmy Carter, said he did not think added private savings would be an adequate substitute for deficit reduction.

INTERNATIONAL FUNDS

Quotations supplied by funds listed. Not all values quotations are supplied by the funds listed with the exception of those quoted based on latest prices. The marginal symbols indicate frequency of quotations supplied: (d) daily; (w) weekly; (b) biweekly; (m) monthly; (q) quarterly; (y) yearly.

Table listing various international funds with columns for fund name, share price, and other details.

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Table listing various international funds with columns for fund name, share price, and other details.

### Hong Kong Tightens Accounting Standards

**Bloomberg Business News**  
**HONG KONG** — The rule-making body for accountants in Hong Kong has proposed a severe tightening of standards for so-called extraordinary items, saying that companies have been manipulating that category to make their financial results look better.

Under the Hong Kong Society of Accountants' proposal, companies would be barred from declaring extraordinary items in all but extreme cases, such as when a company has had its assets expropriated or has been affected by a natural disaster, such as a typhoon or earthquake.

Currently, many Hong Kong companies declare extraordinary items to cover such business expenses as restructuring costs, the disposal of long-term investments or legal settlements.

This has meant the figure for profit after tax but before extraordinary items, which many analysts, investors and others use to judge a company's financial performance, has been open to manipulation, said the society's executive director, Louis Wong.

The society sets financial accounting standards in Hong Kong. Its recommendations are expected to have the support of the Hong Kong Stock Exchange and the Securities and Futures Commission, which is the territory's securities-market regulator.

Unless there is great opposition to the move, the society plans to introduce the accounting change by the end of this year, Mr. Wong said.

Under the proposal, genuinely "exceptional" items would be listed in the accounts table immediately after the operating-profit figure. The figure for after-tax profit would then be a more valid indicator of how the company had fared in a given period, Mr. Wong said.

## No Switch on China Sales U.S. Affirms Ban on Phone Equipment

**By Peter Behr**  
*Washington Post Service*  
**WASHINGTON** — Government officials, citing national-security reasons, have declined to lift restrictions on the sale of high-speed telephone-transmission switches to China, according to officials of American Telephone & Telegraph Co.

The AT&T officials said they had not been told just what the security issues were. But, according to Christopher Padilla, AT&T's manager of federal government affairs, China has begun making the equipment itself, and other countries have the technology as well.

A National Security Council spokesman declined to comment.

Meanwhile, the ban is costing AT&T millions of dollars in lost sales to China, which has begun a major campaign to expand and modernize its telephone network, Mr. Padilla said.

Such restrictions have long been a point of contention between American high-technology companies and the government. The Reagan and Bush administrations kept a tight rein on exports of advanced computers and telecommunications gear to the Soviet bloc, hoping to hamper its weapons development.

But the executives of high-technology companies who supported Bill Clinton during his election campaign last year are expecting him to ease restrictions now that the Cold War has ended and exports are an American economic priority.

On Thursday, Commerce Secretary Ronald H.

Brown told a panel of the House Foreign Affairs Committee that Cold War export controls were "a major impediment to doing business" and should be eased.

But Deputy Defense Secretary William Perry said last month that while restrictions on computer equipment may be eased, advanced telecommunications exports still pose security problems.

"The administration is on automatic, reverting to the same old arguments we've heard since the Reagan administration," Mr. Padilla of AT&T said. "We've hoped for something better and still do. But this is not a good first sign."

The AT&T switch uses computer technology to send thousands of conversations to be fed through a single fiber-optic cable at the same time.

AT&T switches that handle as many as 2,000 conversations simultaneously may be exported to China. But sales of many conversations at once, are still forbidden under an agreement between the United States and certain other industrialized countries. Some industry officials speculate that the reason is they would make it more difficult for U.S. intelligence to monitor phone conversations.

An Israeli company, ECI Telecom Ltd., makes similar equipment and has sold the high-speed switch to China. It would like to sell the high-speed devices as well, said its president, David Rubner. Israel is not part of the security agreement, but Mr. Rubner said he would not sell the high-speed switches to China as long as AT&T was barred from doing so.

## Fear Ebbs of a Bank Crisis in Japan

**Reuters**  
**TOKYO** — A 50 percent rise in bank stocks this year indicates that fears of a financial crisis in Japan have ended, brokers and analysts said.

"Sentiment is completely different," said Kazuhito Sasajima, an analyst at Nikko Research Center. "No longer do bank bankruptcies now, although such fears dominated the stock market at this time last year."

But bank earnings will continue to be depressed by bad loans over coming years and deregulation will accent differences in the banks' financial strength.

Bank shares began to rise in March as worries about the financial system waned. Buying gained momentum recently on hopes for lower interest rates and speculation linked to a new stock futures contract.

Sanwa Bank shares finished at 2,400 yen (\$22.80) on Friday, up from lows of 1,450 yen in January and 1,180 yen last August. Industrial Bank of Japan stood at 3,400 yen, up from 2,220 in January and 1,480 in August.

Investors expect the Bank of Japan to cut its discount rate again to boost the economy. It has already cut the rate six times since July 1991, to a historic low of 2.5 percent since February.

Lower interest rates are good news for banks burdened with trillions of yen in property-related bad loans because they mean it is easier for borrowers to repay. Lower rates also help banks raise operating profits by lowering their loan spreads, and help expedite bad loan write-offs.

## Australian Output Made a Surprising 2d-Quarter Surge

**Compiled by Our Staff From Dispatches**  
**CANBERRA** — Australian gross domestic product jumped a seasonally adjusted 1.2 percent in the second quarter, a much bigger rise than economists had forecast.

The latest figure, together with revisions for the previous three quarters, pushed Australia's growth for the past 12 months to 3.3 percent. Economists had predicted growth of about 0.5 percent for the second period.

The Bureau of Statistics' trend measure, which seeks to further flatten out seasonal influences, showed more moderate growth of 0.6 percent in the quarter and 2.8 percent for the year.

The bureau added that the national accounts had been released earlier because of the government's scheduled Aug. 17 budget announcement and that the latest figures could be revised.

Nevertheless, Prime Minister Paul Keating said the data pushed Australia to the top of the growth tables of the Organization for Economic Cooperation and Development and added, "As the growth picks up, employment will increase the country's treasury, John Dawkins, said the data, while encouraging, may have overstated the economy's strength."

### Perth Foodland Seeks a Merger

**Reuters**  
**SYDNEY** — Fast-growing Foodland Associated of Perth moved Friday to get a larger slice of the 40 billion dollar (\$27 billion) grocery market with a bid to merge with three smaller companies.

The consolidation of Foodland with the three — Davids Group, Independent Holdings and Composite Buyers — would create a company with revenue of more than \$5 billion dollars and a quarter of the wholesale market.

"You have a lot of minnows in a sea here and it makes sense for them to gather together to form one market force," said Bruce Rolph, vice president of equities at Salomon Brothers Australia.

Investor's Asia		
Hang Kong	Singapore	Tokyo
Hang Seng	Straits Times	Nikkei 225
2,000	100	2,000
1,500	50	1,500
1,000	0	1,000
500	0	500
0	0	0
Exchange	Index	Index
Hang Kong	Hang Seng	2,000
Singapore	Straits Times	1,000
Sydney	All Ordinaries	1,000
Tokyo	Nikkei 225	2,000
Korea	Korea Composite	1,000
Bangkok	SET	1,000
Seoul	Composite Stock	1,000
Taipei	Weighted Price	1,000
Manila	Composite	1,000
Indonesia	Stock Index	1,000
New Zealand	NZSE-40	1,000
Hong Kong	National Index	1,000

### Very briefly:

- Nissan Motor Co. is considering a cut in capital spending by 20 billion yen (\$190 million), to about 150 billion yen, in the year ending next March, an official said.
- East Japan Railway Co. opened bidding for its shares, which will be listed on the Tokyo Stock Exchange in October.
- China has vaulted into third place as a South Korean trading partner after diplomatic relations were established last year. The South Korean Trade, Industry and Energy Ministry said direct trade with China rose to \$4.2 billion in the first half of 1993.
- Oversea-Chinese Banking Corp., one of Singapore's big four banks, reported a 31.7 percent increase in net group profit but only a 0.36 percent increase in revenue for the first half of 1993. The bank said it would offer one bonus share for every six held.
- The number of foreign-owned or foreign-funded companies in China reached a record of 130,000 by the end of June, up 54 percent from a year earlier, the Xinhua news agency said.
- Legamex, Vietnam's first state enterprise to offer shares publicly under the government's privatization plan, sold more than 80 percent of the 10 billion dong (\$1 million) in stock on offer in the leather-goods concern.
- China's five special economic zones saw foreign trade increase 17.8 percent, to \$12.2 billion, in the first six months of the year, although imports outstripped exports, Xinhua said.

## RATES: Interest-Rate Reductions Can Only Provide a Partial Cure for the Economic Woes of Debt-Ridden Developed Countries

**Continued from Page 1**  
 most of the world's major cities after the biggest real estate boom in two generations.

He said he would like to see special regulations giving banks an incentive to lend money to industry for investment — although in the United States much of such investment money is going into labor-saving machines such as computers, which benefit the economy only in the long run.

Mr. Vila said he worried more about small

European companies losing their bank credit lines — a phenomenon he reported was taking place even in that nation of banks, Switzerland. Large companies do not worry him, he said, "because they are owned by the banks and in cahoots with the government."

Henry Aaron of the Brookings Institution said he feared that "in Europe, the balance of a received opinion is skeptical that if you run an experiment with higher growth you will be blocked by higher social welfare costs, sticky

labor markets and lack of competition, so they may not use the running room they now have."

That may be one of the reasons for France and other Continental countries in recession to delay cutting rates after restraint was removed last weekend when most ERM currencies were allowed to fluctuate against each other by 15 percent.

But few said they doubted the short-term cure will come. Salomon Brothers Inc. in an analysis of the results of lenders in Europe,

said this week that they "gradually should help revive activity next year" in most countries except Germany, which is keeping rates relatively high.

Salomon's economists reckoned, for example, that France would grow six-tenths of a percent faster than it otherwise would have in 1994, Italy five-tenths, and Spain two-tenths — although growth in all European countries except Britain and Denmark was forecast at 1 percent or less.

Lowering rates, said Rüdiger Dornbusch of the Massachusetts Institute of Technology, "is like flying with one wing, which is better than not flying at all." He pointed to the steady and almost predictable lowering of short-term interest rates by the Federal Reserve Board during the past two years, which became the single most important component of the anemic U.S. recovery.

Government economists point to lower long-term rates as another component, and they are

meant to encourage new borrowing for investment.

The Organization for Economic Cooperation and Development, clearinghouse for information on the industrialized nations, said interest-rate cuts could be an important element in reviving economies "especially in Europe" because they translate into increased cash flow for overburdened households and companies at even faster rates than in the United States.

## AMEX Friday's 3 p.m. Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High	Low	Div	Yield	PE	100	High	Low	Latest	Change
100	100					100	100	100	
100	100					100	100	100	
100	100					100	100	100	

12 Month High	Low	Div	Yield	PE	100	High	Low	Latest	Change
100	100					100	100	100	
100	100					100	100	100	
100	100					100	100	100	

12 Month High	Low	Div	Yield	PE	100	High	Low	Latest	Change
100	100					100	100	100	
100	100					100	100	100	
100	100					100	100	100	

12 Month High	Low	Div	Yield	PE	100	High	Low	Latest	Change
100	100					100	100	100	
100	100					100	100	100	
100	100					100	100	100	

12 Month High	Low	Div	Yield	PE	100	High	Low	Latest	Change
100	100					100	100	100	
100	100					100	100	100	
100	100					100	100	100	

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THE MONEY REPORT

FIRST COLUMN

Eurobanks: The Client Wants More

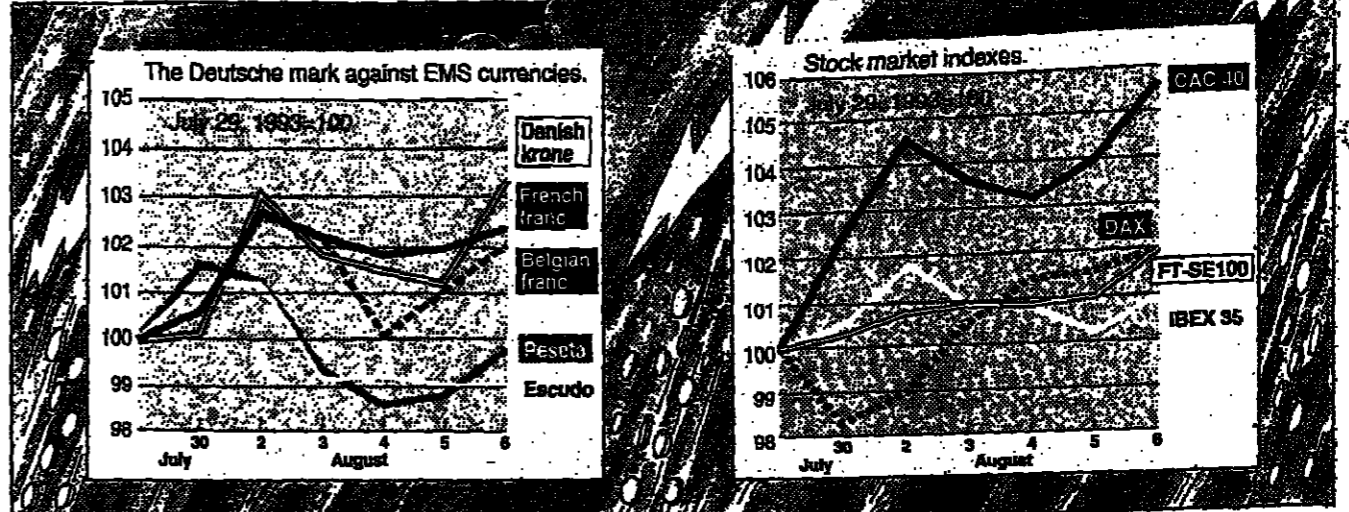
LAST fall the British bank Barclays tried to offer in France what amounted to an interest-paying checking account. The finance minister at the time, Michel Sapin, outlawed the account, calling it a "dangerous product." That was around the time when France was shipping a boatload of plutonium halfway around the world to Japan.

Investors in EC Storm Seek the Silver Lining

By Philip Crawford

IT'S the nature of the shrewd investor to see times of great upheaval in terms of opportunity, and the past week of currency market mayhem has brought out the best in many of the species. Indeed, say analysts, everybody seems to be clamoring for advice on how best to play the crisis to his own advantage.

Mick O'Connor, an options dealer at Lloyd's Bank in London, concurred that continued interest rate cuts across Europe are likely, and that they should bolster both economic recovery and equity markets. "The French will delay cuts for as long as they can, to take the heat out of the speculation," he said. "But once they do it, their market will take off. I think equity plays look very attractive in Europe, except for the German and Swiss markets. German rates will come down very slowly."



Source: Bloomberg

you're going to have to get out of them in the relatively near future," he said. "If you're prepared to take the long-term view, with rates falling, equities look better than bonds."

gold trader who insisted on anonymity. "Here, while there are obvious political overtones, it's more a matter of fundamental economics. We'll see ups and downs along the way, but there are valid reasons for a continued healthy movement upward in both the medium and the long term."

in which an investor purchases the right to buy one currency with another at a specific exchange rate within a prescribed time period. "Anyone who bought a mark call/franc put option a month ago has made money," said Mr. O'Connor, the options trader.

BRIEFCASE

Laurentian Offers Bond Tied to U.K. Stock Index

Laurentian Financial Group PLC has launched a 5-year bond, available in two versions, whose rate of return is tied to the performance of the FT-SE 100 index. Minimum investment is £5,000 (\$7,500), and investors are guaranteed at least their original outlay at the end of the 5-year period. The bond will remain available until Aug. 20.

sumer electronics, hotel and restaurant companies," said Andrew Economos, the portfolio manager. Mr. Economos said the fund will hold approximately 40 blue-chip companies doing business in the emerging Pacific Rim markets, with the biggest bet — 23 percent — on Hong Kong/Chinese companies.

to movements in interest rates; the only potential risk or reward comes from movements in the currency. DB's related funds, which buy short-term debt in U.S. and Canadian dollars, were begun last November. There is a 1 percent front-end sales charge to buy shares in Austral Dollar Reserve, and the minimum initial investment is 10,000 marks. The Australian dollar was recently trading around 1.2 marks.

U.S. Portfolio Bets on Asia As Vast Consumer Market

Television sets, VCR's and even designer shoes will be some of the major investment themes of the no-load Pacific Opportunities Fund, just launched by Scudder, Stevens & Clark, the U.S. money managers.

DB Subsidiary Launches Australian Dollar Fund

DB Investment Management, a subsidiary of Deutsche Bank, has introduced an Australian dollar currency fund, its third short-term money market fund in the dollar bloc aimed at Deutsche mark-oriented investors.

Equities Lead June Rush Into Mutual Funds in U.S.

There appears to be no letup in the American public's appetite for mutual funds, with a net flow of \$19.7 billion being recorded in June, up from \$19.3 billion in May and just \$13.7 billion in June of 1992, which was the industry's best year ever.

Offshore Funds and the 'Bad Old Days'

By Rupert Bruce

MENTION the word "offshore" to a British investment regulator and you may touch a sore spot. The trouble is that just five years after a comprehensive and expensive system of regulation was put in place, it is being bypassed by investment managers who have set up in the offshore European Community countries of Luxembourg and Ireland.

offshore Uci's funds in Luxembourg or Dublin admit that something is lacking. Alan Wren, managing director of the British retail division of Invesco, which has an international division with funds in Luxembourg, said: "It was said to me recently that operating in certain of these countries is like operating in the U.K. in the good old days (before the 1986 Financial Services Act governing investor protection). I would say the bad old days."

percent loss could only happen when both the fund switched into and that switched out of were priced at around \$1.00. Nevertheless, any loss at all, if repeated, could make quite a difference. The cause of this is the practice of many Luxembourg Uci's funds of pricing to only three significant figures. In Britain, funds are required to price to four significant figures, which eliminates the scope for "rounding."

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THE MONEY REPORT

A Brazilian Boom? Maybe This Time It's for Real

By Aline Sullivan

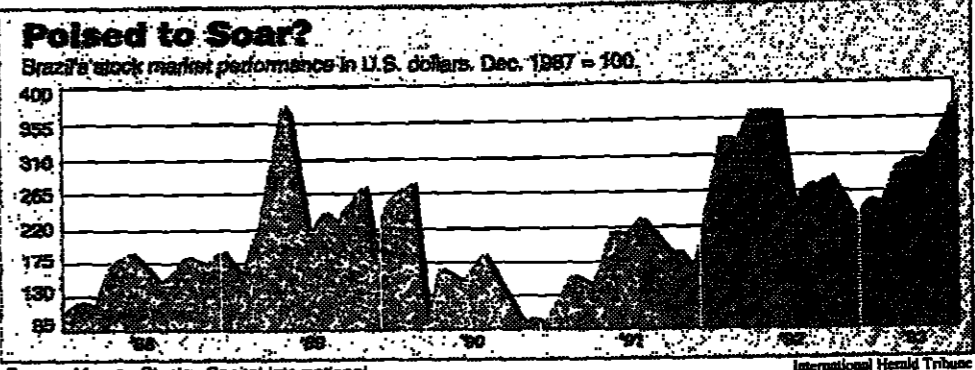
AFTER years of lagging behind its Latin American neighbors, Brazil is poised for an economic boom. Government plans for wide-ranging deregulation and privatization could send shares soaring, maybe as soon as this autumn. Investors who think they have heard it all before have grounds for skepticism. Brazil has always been a tough nut for foreign investors to crack and its reputation for rapid boom and bust cycles is well founded. But analysts and fund managers say that the country is finally opening up. Tariff barriers are falling, centralization is being eroded and foreign investment is more welcome than ever. "We have no doubt that Brazil is going to be one of the most attractive economies in Latin America," said Roger Palmer, head of the Latin America team at London stockbrokers Kleinwort Benson Securities. "The government is taking the necessary steps to reform and, al-

though there may be some problems in the short term, we are convinced that they will pull it off." Roberto Serwaczak, analyst at stockbrokers Baring Securities in Sao Paulo, said in a recent report to clients that there are clear signs that the process of liberalization in Brazil is unstoppable. This should be reflected in constitutional changes later this year, an accelerated privatization program and the platforms of the candidates for the next presidential election in November 1994, he said. Some of these changes have already been discounted on the stock market. The Sao Paulo Stock Market Index has risen 75 percent in dollar terms since the beginning of this year, driven by investor expectations of further liberalization when President Fernando Collor de Mello at the end of the year. But analysts say there is plenty more room for growth. "Sometime in the next five years Brazil will turn around and the stock exchange index will rise over

300 percent," said Susan Carrington, a Latin American fund manager at Fleming Investment Management in London. "Maybe it will happen after the constitution is changed." THAT will be in just two months. When democracy replaced Brazil's military dictatorship in 1984, it was agreed that the constitution would be reviewed five years later. This October the government will put forward a reform plan that will then be reviewed by the Lower House and Senate. Analysts expect the government's plan to do away with some relics of socialism and promote radical fiscal reform. "If things go right, investors could make a lot of money very quickly," said Stephen Rose, head of London-based investment bankers and Latin American specialists Stephen Rose & Partners. "Individual investors should put about half their money in the Brazilian market now and half in a few months when prices may be lower," he said. That way, they will be certain not to miss

any sudden surge in share values. Of course, there is a risk that Brazil's old guard may slow down the reform process. But, according to Mr. Serwaczak, even Brazil's traditional leftist parties are shifting to a less entrenched ideological position, making it possible that the consensus will be reached over the constitutional review. "The pressure coming from the press, businessmen, some important politicians, foreign investors and even workers' unions to solve the economic problems will not allow the government to move far from the measures already implemented in other Latin American countries," said Mr. Serwaczak. Like many of its neighbors, Brazil is burdened with high inflation—almost 30 percent a month—and a massive foreign debt. There are also many powerful people happy with the status quo, which is unsurprising in a country where the richest fifth of the population has an average income of more than 30 times that of the bottom fifth. But these problems can be over-

come. According to London-based Fund Research Ltd., similarities in Latin American countries' economic history and development allow the experiences of countries further along the path of progress to act as pointers for those behind. Chile and Mexico are at the peak, Argentina and Venezuela on the next level and Brazil at the bottom. Analysts point to Mexico's experience in 1991, which many see as similar to the current situation in Brazil. Mexican shares rose about 150 percent at that time as investors responded to changes in the country's political and economic scene. Brazil's larger economy could mean even bigger returns if the government reforms go ahead. Another plus for investors in Brazil is the relative liquidity of the Sao Paulo stock exchange compared with those of other Latin American countries. According to Fund Research, the 10 largest stocks on the Brazilian market accounted for 25.4 percent of the total market at the end of 1992, a lower proportion than anywhere else on the continent. At 51 per-



Source: Morgan Stanley Capital International

cent, the share of value traded held by the 10 most active stocks was the second lowest in the region, higher only than Mexico. The importance of the stock market to the Brazilian economy should expand as the corporate sector moves out of the hands of the government through privatizations and removal of state involvement, and family owned enterprises are encouraged to float all or part of their equity," said the Fund Research analysts. Investors eager to take advantage of a surge in Brazilian shares should buy into Telbras, the par-

ly privatized national telecommunications company, analysts said. Telephone usage is expected to grow rapidly as the economy improves, while the government is likely to permit substantial rate hikes. The banking sector, including Bradesco, Itau and Banco Nacional, is also popular with analysts as a strong play on economic liberalization. Some parts of the steel industry, one of the most modern and competitive in the world, also represent good buys, they said. Steel companies are currently trading at about 8 percent of expected 1993 earnings, compared with an average of 12 percent for Brazilian stocks. Less appealing are some parts of the construction industry, which have been supported by the government up to now. Of course, the hopes vested by domestic and foreign investors in the Brazilian economy may prove unfounded. The new government has many nettles to grasp. But it has been done before, elsewhere in Latin America. And Brazil has the potential to make Mexico's economic renaissance look like a sideshow.

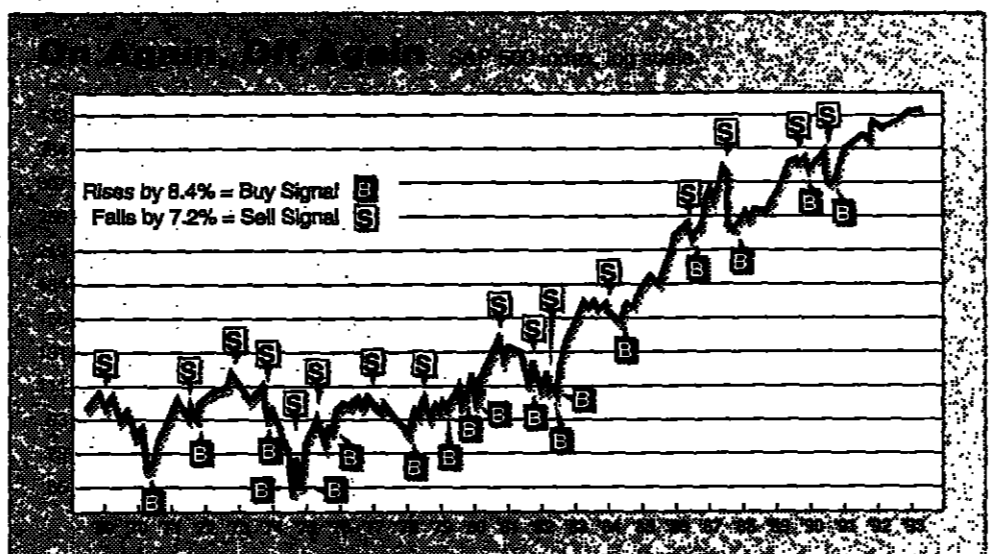
Armchair Analysts And the Indicators

By Conrad de Aenlle

ONE adage advises to "sell in May, then go away." For those who didn't, here are some stock market indicators to keep an eye on this summer, courtesy of five analysts scattered across the map. One indicator favored by Richard Davidson, European equity strategist for Morgan Stanley, is the ratio of stock price to book value. He likes it better than other valuation measures, such as price to earnings, because the earnings of many companies, especially in heavy cyclic industries, can be dragged down or inflated by transitory blips in the economy. The price-to-book ratio "removes part of the cyclical element in valuation measures; in a recession, you can see how the price of a stock relates to its asset base," Mr. Davidson said. "If you buy at less than one, you're buying the assets for less than their value on the books. If you believe those companies are ever going to earn the kind of money they did in the late '80s, it's a giveaway." But he finds limitations to this approach. For instance, it is not as easy to figure out when to sell. Also, in some industries, ratios of several times book value are common; these are often businesses such as pharmaceuticals that generate strong profits without a lot of machinery. Another difficulty is calculating book value. Who says the worth of a company's accounts assign to its assets really reflects what they would fetch if put up for sale? Look at the steel business, which is losing overcapacity. No one is lining up to buy any spare mills. "If you have a strong conviction about where an industry is going and what that stock might look like

in future," he said, "price to book is a good indicator." Of course, it is hard these days to have strong convictions, at least positive ones, about some industries; that's why caution is in order. "Certainly at the moment, in many of the cyclical industries in Europe, they don't deserve to trade at a price-to-book above one," Mr. Davidson said. "And just because they're trading at book doesn't mean they won't get cheaper." But at least they are not relatively expensive. The approach works, as well, for entire markets, some of which are selling at a discount to book. Finland was dirt cheap a few months ago, trading at 0.4 times book. It has doubled, but that still leaves the ratio below one.

OTHER cheapish markets, he mentioned are Italy and Spain. Italian shares went for 0.7 to 0.8 of book six months ago but have since moved to a more fairly valued 1.4. Spain was trading close to book and has risen about 20 percent. As for the bigger European markets, Britain is a bit expensive, although it tends to trade at higher valuations because companies tend to pay out higher dividends. France and Germany, he said, are "both at fair value"—slightly on the rich side, but not dramatically so. "Sophie Blampain, who follows the Continental European markets for Credit Suisse First Boston, thinks indicators do not translate well between markets, because "there's very little information that's consistent across the Continent; building a model for Continental Europe is extremely difficult." But she has some ideas for specific locales. "One very good indicator for Germany is to look at how much foreigners are buying," she observed. "German institutions wait



Source: Ned Davis Research

to see what foreigners do before they act." What foreigners must have been doing over the last couple of months is buying. The key DAX index swung from a long nap to gain 11 percent, including a two-day run of about 5 percent in the second week of July. There was no fundamental reason for the advance, Ms. Blampain said; what inspired it was a big influx of money from abroad. Foreign buying can move other markets, too, but information on their activities is hard to come by. In Germany, the Bundesbank routinely releases data on foreign participation. The strength of the franc is a good indicator for the French market, she said, because so much of the larger French companies' operations is abroad. A weak franc means stronger results from their foreign subsidiaries. She also suggested keeping an eye on the price of oil because, quite simply, 11 percent of the value of France's CAC-40 index is in the shares of two mammoth oil concerns, Elf Aquitaine and Total. Interest rates are more important in Spain than in a lot of other places, Ms. Blampain said, because "the av-

erage gearing for Spanish companies is high." Construction companies and utilities, well represented on Spain's stock market, carry high debt loads, so "it makes a significant difference to the bottom line if rates drop 200 basis points." Adrian Faure, director of Hong Kong research for Baring Securities, looks at the volume traded on Asian markets compared with their total capitalization. The higher the percentage, the more likely a market is to be overheated, a clear and frequent danger in the booming economies in the region. "A mature market should turn over five to six percent of its capitalization in a month," said Mr. Faure. "At times, they have turned over eight or nine percent of market cap." That's a sign of trouble, and it does not have to happen for months on end before he becomes concerned. "I'm worried if I see that for one month," because it means "prices are being pushed too far, stocks are overbought." Asian markets, as a rule, are thinly traded, especially the smaller ones that have not been open to the public for very long. "In a lot of these markets, ownership is very tight," he pointed out. In some cases, the rules may mandate that at least 25 percent of a company's holdings be in public hands. But often, not even that much gets spread around. "Seventy-five percent is often held by one family," Mr. Faure remarked. "Of that 25 percent free float, much of it is held by pension funds and other institutional owners." The problem with excessive trading is that it gives evidence of excessive speculation. First-quarter readings (the most recent) showed cool, calm markets in Japan and Hong Kong, where trading was 2 percent and 4 percent of capitalization, respectively, with Thailand acting frothy, at 9 percent. Bernadette Murphy, a technical analyst at M. Kimmelman & Co. and a panelist on the financial television program "Wall Street Week," has an indicator that is easy for armchair analysts to calculate from an examination of New York Stock Exchange data published in the daily newspaper. "One of my favorites is to accumulate advancing issues and declining issues for 10 days and make a ratio of advances over declines," she said. "When that indicator is at 1.25, the market tends to be overbought; when it's at 0.75 or below, it's oversold."

"You can refine it and play with these numbers," she said of the Krow indicator, named in honor of the technician who devised it in the 1960s. "It works most of the time," when stocks are in "just a normal trading market." When they are not, when the market is in a big move one way or the other, oversold and overbought readings can extend way past 0.75 and 1.25. "Two or above is a major advance," she said. That, of course, creates a problem. The indicator has to pass 1.25 on the way to 2. That's why it is important to "look for confirmation in other indicators. I never look at just one." Another simple one of this genre is the ratio of advancing to declining volume. "When you get large advancing issues—4 to 1 or 5 to 1 advances over declines, and volume, that's already telling you you've got a major move." To go along for the ride when the American market takes off or to get out before a prolonged drop, Lance Stoeckpeter, research director at Ned Davis Research, likes to follow "percentage reversals" in the Standard & Poor's 500. "When the S&P 500 rises by 8.4 percent from a low on a weekly basis, you've got a buy signal," he said. "When it falls 7.2 percent from a peak, it's a sell signal."

Plastic With Elected Affinities

By Barbara Wall

IT doesn't seem so long ago that ethical-fund managers were encouraging us to invest with a conscience. Now the credit card industry, not widely recognized for its philanthropic tendencies, is asking us to shop with a conscience as well. Affinity cards, the latest line in plastic credit, are straightforward payment cards with a twist. A fraction of every dollar spent on the card goes to the charity or professional organization that endorses it. The cards can be used to pay for goods and services in any establishment worldwide that accepts MasterCard or Visa. The difference is that an affinity card displays the name and logo of the sponsoring group as well as the card-issuers' mark. The programs target potential cardholders who share a common interest, activity or membership in an organization. Affinity organizations, which are generally nonprofit, fall into five main groups: charities, professional societies, lobbyist groups, fraternal societies, such as university alumni, and sporting organizations. It is estimated that 10 percent of all cards issued in the United States are affinity linked. The Maryland Bank of North America, a pioneer in affinity card marketing, has around 2,500 endorsements from charities and professional associations. In Japan, affinity cards are all the rage. However, an industry spokesman said, "Affinity cards are treated as status symbols: Instead of owning one affinity card, which is the norm among U.S. credit card users, the Japanese will own several, but not necessarily make use of them." Affinity deals are beginning to catch on in Europe. A report published by Datamonitor, a U.K.-based financial services research group, shows that affinity cards account for approximately 3 percent of all credit cards in Britain. Charities and trade unions have equal shares and together account for 94 percent of the market. The remaining 6 percent is comprised of professional association-branded cards. The Bank of Scotland is the main issuer of British affinity cards. It works closely with Transnational, a third-party agency, which generates affinity relationships. The bank has more than 200 affinity

partners, including the National Society for the Prevention of Cruelty to Children, the Professional Footballers Association and the Institute of Advanced Motorists. In Spain, Banco Popular is the biggest affinity card issuer with more than 30 programs. Most are branded with professional organizations although the bank has one successful affinity partnership with a Third World aid organization. "Group members holding affinity cards will be more attractive customers to the issuing bank than standard cardholders. They are more likely to use the card on a regular basis, knowing that every dollar spent represents a small donation to the affinity group." At the same time, charities look to affinity cards as a potentially important source of revenue. Income is received in two forms. An initial donation, usually between \$7 and \$12, is made on the opening of a new account. This encourages affinity groups to promote the card to members. The donation is funded out of the annual fee or the issuer's marketing budget. Subsequent donations are based on the transaction volume—the more you spend, the more the affinity group receives in commission. Payments work out at around 0.20 percent of the transaction amount and these are funded out of the merchant discount. Affinity cards are generally no more expensive than standard credit cards. "Many carry the same charges as regular cards, a few have higher interest rates offset by the lack of an annual fee," according to Datamonitor. "But expensive affinity cards are the exception rather than the rule." The cards may even offer practical benefits to cardholders. Cards International, a specialist publication for the card industry, notes that several university alumni cards offer discounts on textbooks. Is the whole idea a cynical ploy to boost the flagging fortunes of the credit card industry or a practical means of benefiting needy organizations? Affinity cards espouse both of these aspects, but everyone involved in the deal seems to benefit. It gives issuers access to new distribution channels; the affinity partner gets free publicity, while benefiting from members' spending power; and card users have a useful payment mechanism as well as a relatively painless means of donating to a pet charity or professional association.

July Market Scoreboard. Best Performers: U.K. FTSE 100 (+1.2%), Hong Kong Hang Seng (+2.1%), Japan Nikkei (+1.8%), etc. Worst Performers: U.S. S&P 500 (-0.5%), etc. Includes sections for Offshore Companies, Offshore Funds, and Top Funds.

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# SPORTS BOXING

## Tyson Conviction Upheld

**The Associated Press**  
**INDIANAPOLIS**— Nearly six months after hearing oral arguments, the Indiana Court of Appeals on Friday rejected Mike Tyson's effort to overturn his rape conviction.

Judges V. Sue Shields and Jonathan Robertson voted to uphold the Feb. 10, 1992, conviction of the former world heavyweight champion and judge Patrick Sullivan dissented. The court had heard oral arguments Feb. 15 on the appeals by Tyson's lawyers.

The appeals panel ruled that the trial court "did not abuse its discretion" in blocking the testimony of three defense witnesses. The defense contended that the three would have contradicted Desiree Washington, the beauty pageant contestant, who filed the rape complaint.

Tyson's appeals attorney, Alan Dershowitz, said he believed that Indiana law had been misapplied. "The facts have been mistaken and a grave injustice has been done to Mike Tyson," Dershowitz said.

Tyson, now 27, was convicted in February 1992 of attacking Washington, then 18, in July 1991 in his hotel room.

He was sentenced to six years in

prison, followed by four years' probation. Marion Superior Court Judge Patricia Gifford sentenced Tyson March 6, 1992, and ordered him held during his appeal. He has served 17 months of his sentence at the Indiana Youth Center.

Tyson testified he had openly solicited sex with Washington, the Rhode Island contestant in the Miss Black America pageant, and other contestants during rehearsals. He said she had willingly engaged in sex.

Washington, who made her identity public after the trial, testified that Tyson asked her to take a ride with him in his limousine, then lured her to his Indianapolis hotel room by saying he had to make a phone call. She said he pinned her to the bed and raped her, laughing when she asked him to stop.

Defense lawyers said the three would-be witnesses whose testimony was blocked would say they saw Tyson and Washington embracing in his limousine outside the hotel before they went to his room.

Washington testified that Tyson kissed her briefly when she entered the car but the two had no other contact before entering the hotel. Tyson's lawyers said they

learned of the witnesses at midtrial. But the Appeals Court said Tyson's lawyers could not adequately explain why they waited two days before advising the court about the new witnesses.

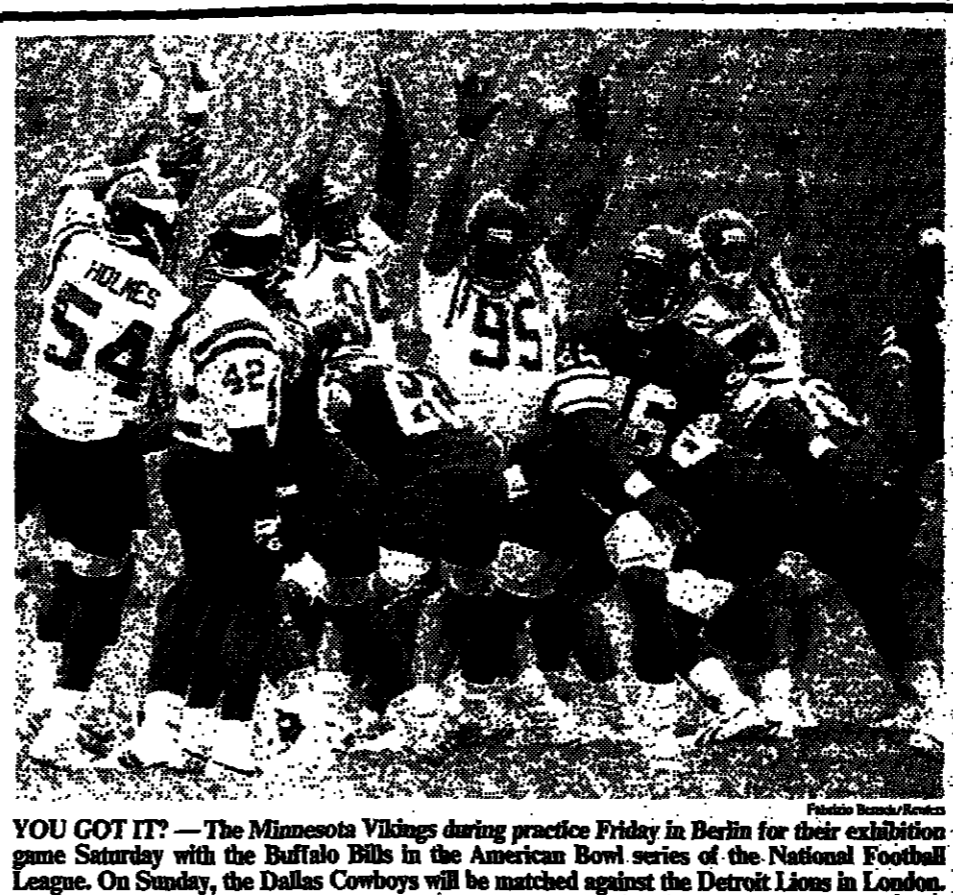
The defense had said that the delay was unavoidable because time was needed to investigate the witnesses' story.

In his dissent, Sullivan said the defense's delay did not violate court requirements that both sides disclose their witnesses.

"My review of the entire record in the cause leads me to the inescapable conclusion that he did not receive the requisite fairness which is essential to our system of criminal justice," he said. The trial court also erred, Sullivan said, by not telling jurors to consider whether Tyson might have mistakenly believed Washington had consented.

Clarence Trigg, the superintendent at the Youth Center, said Tyson found out about the decision early Friday in a telephone call from his attorney.

Tyson took the call at his housing unit. Trigg said he didn't know any details of the conversation. Tyson was back on his job as a dorm maintenance worker.



**YOU GOT IT?**—The Minnesota Vikings during practice Friday in Berlin for their exhibition game Saturday with the Buffalo Bills in the American Bowl series of the National Football League. On Sunday, the Dallas Cowboys will be matched against the Detroit Lions in London.

## Lewis Doctor Says He Died Amid Final Monitoring Plans

**By Lawrence K. Altman**  
*New York Times Service*

**BOSTON**— Reggie Lewis, the late Boston Celtics captain, died the night before his doctors were to make final plans to monitor his heart while he played basketball, his doctor said in a statement.

It was the first statement from Lewis's doctor, Gilbert H. Mudge, since Lewis collapsed and died while shooting a report from the chief medical examiner of Massachusetts, who said that an autopsy showed that Lewis's heart was abnormal, enlarged and was extensively scarred.

The medical examiner's statement appeared to contradict Mudge's public statements made in May, that Lewis had "a normal athlete's heart with normal function" and a nonfatal fainting condition.

Thursday's two-page statement was issued by Brigham and Women's Hospital, a Harvard teaching institution where Mudge is head of clinical cardiology. The statement never used the word "heart," did not refer to the autopsy findings, and said Mudge would not respond to questions.

Mudge said at a news conference in May that Lewis had a normal heart. His opinion was diametrically opposed to that of a team of 12 experts convened at New England Baptist Hospital, where Lewis went for tests after he collapsed during a Celtics playoff game. The 12 experts called "the Dream Team" by the Celtics, said that Lewis had a career-ending, life-threatening heart condition known as cardiomyopathy.

Acknowledging no medical errors or misjudgments, Mudge said that Lewis's case was an exceedingly complex case from the outset, with conflicting test results and variations in interpretations of the same medical data.

In May, after Lewis was re-examined and then discharged from Brigham and Women's Hospital, Mudge said: "I am quite optimistic that under medical supervision, Reggie Lewis will be able to return to professional basketball without limitation."

Thursday, Mudge said, "My opinion regarding the possibility of Reggie's return to professional basketball was always conditional and dependent upon further testing, careful monitoring, and the progress of a planned exercise program."

Mudge said that "it was my best judgment and Reggie's expressed desire that we not publicly discuss therapies or specific long-range plans."

Thursday's statement was made with the permission of Lewis's widow, Donna Harris-Lewis, Mudge said.

"The never violated recommendations," Mudge said in the statement, which provided no explanation of how he knew all of Lewis's activities.

In a separate statement, H. Richard Nesson, the president and chief executive officer of Brigham and Women's Hospital, said Mudge had been "deeply shaken and saddened by" Lewis's death. Nesson praised Mudge's commitment to his patients and the hospital.

The medical examiner said the cause of the scarring on Lewis's heart had not been determined.

A scarred heart can be caused by many factors, including cocaine and other drugs. The statement from the Medical Examiner said that no illegal drugs were detected in Lewis at the autopsy. Mudge's statement made no mention of whether Lewis's urine and blood had been tested for drugs after his collapse in April, and, if so, what the results were.

### SIDELINES

#### Mize Leads in U.S. Golf Tournament

**GRAND BLANC, Michigan** (Combined dispatches)— Larry Mize continued his late charge for a place on the U.S. Ryder Cup team, when he shot a first-round eight-under-par 64 to lead in the Buick Open.

Mize fired eight birdies for a two-stroke lead over his playing partner, John Huston, who birdied the first five holes to share second place with Paul Goydos and Payne Stewart. Mize, whose last victory came in January, took advantage of the chance to impress Tom Watson, the U.S. Ryder Cup captain who is also playing here.

"Ian Woosnam of Wales fought through a stiff headwind to shoot a 4-under-par 68 on Friday and take over the second-round lead with an 11-under 133 at the BMW International Open in Munich. (AP, AP)

#### FIFA Lifts Ban on 2 South Americans

**ZURICH** (AFP)— Soccer's world governing body on Friday lifted the suspension on two South American players, banned from competition after they tested positive for traces of cocaine.

Miguel Angel Rimba Alvis of Bolivia and Arnelino Queogiao of Brazil, who played in a World Cup qualifier on July 25, have been cleared in a FIFA inquiry, which showed that the drug had come from a type of tea.

#### Investigator Interviews Tapie

**LILLE, France** (Reuters)— The judge investigating allegations that the European soccer champion Olympique Marseille tried to fix a league match with Valenciennes has interviewed Marseille's chairman, Bernard Tapie, a public prosecutor said Friday.

Prosecutor Eric de Montgolfier gave no further details of Judge Bernard Boffy's meeting in Tapie's Paris office on Thursday. Le Figaro newspaper said the meeting lasted four hours and concerned allegations by the former Valenciennes trainer, Boro Primorac, that Tapie met him in June and asked him to take the blame for the affair. Tapie has denied this.

#### Mets Expected to Release Coleman

**NEW YORK** (AP)— The New York Mets will release outfielder Vince Coleman on his felony case in Los Angeles is resolved, according to reports published Friday.

Coleman, facing charges on illegal possession of an explosive device after three people were injured outside Dodger Stadium when he threw a powerful firecracker near them, was granted an unpaid leave by the Mets.

The New York Daily News and The Star Ledger of Newark, New Jersey, reported that he would be released once the matter is settled, even if the Mets have to pay him nearly \$3 million for the final year of his contract.

#### For the Record

Chlysheba joined Personal Ensign and Cavalece as thoroughbred champions inducted into the Racing Hall of Fame in Saratoga Springs, New York. Trainer Thomas Kelly and jockey Eddie Delahoussaye also were inducted.

Marianne Stanley, women's basketball coach at Southern Cal, has sued the university and the athletic director, Mike Garrett, for \$8 million, alleging discrimination because she is paid less than the men's coach. George Ravling. (AP)

## NBA Rejects Dudley-Blazers Contract

**By Robert McG. Thomas Jr.**  
*New York Times Service*

**NEW YORK**— NBA Commissioner David Stern has formally rejected Chris Dudley's imaginative new contract with the Portland Trail Blazers, calling the former New Jersey Nets center's seven-year, \$10.5 million pact "a blatant and transparent attempt" to circumvent the league's salary cap.

The action, which had been expected, puts the matter in the hands of the National Basketball Association's special master, Merrell Clark. He will decide whether to uphold the commissioner's ruling and also whether the contract represents a circumvention of the salary cap. If he finds a circumvention, the league

could fine the Trail Blazers as much as \$1 million and force it to forfeit draft choices.

Clark, who administers disputes that arise under the settlement of a former antitrust suit, has already scheduled a hearing for Aug. 16 on the two other disputed contracts, the eight-year, \$17.6-million deal Toni Kukoc signed with the Chicago Bulls and Craig Ehlo's three-year pact with the Atlanta Hawks.

At issue in all three multiyear agreements are provisions allowing the players to opt out of the contracts next year and become free agents. If they do, they would then be able to negotiate far more lucrative contracts with their teams under an exemption to the salary cap that puts no limit on the amount a team may pay to resign its own free agents.

All three players signed at the maximum amounts the teams were allowed to pay under their respective caps. Dudley, for example, was limited to \$800,000 this season plus a series of raises within the 30 percent annual limit, the maximum the Blazers are allowed under the salary-cap rules, bringing the seven-year total to \$10.5 million.

That is just half the \$21 million the Nets had offered to pay Dudley for the same period. That Dudley would reject such a lucrative offer in favor of a lesser one is a major reason league officials believe the opt-out provision is a subterfuge to get around the cap.

"Why else would a player agree to play for less than a third of his market value?" Grant asked.

### SCOREBOARD

BASEBALL		Thursday's Line Scores		NATIONAL LEAGUE	
<b>AMERICAN LEAGUE</b>		Toronto 9th 8th 9th-11 12 9	Chicago 10th 9th 8th-11 12 9	Colorado 8th 9th 8th-11 12 9	Chicago 8th 9th 8th-11 12 9
<b>MAJOR LEAGUE STANDINGS</b>		New York 10th 9th 8th-11 12 9	Los Angeles 11th 10th 9th-12 13 10	San Francisco 12th 11th 10th-13 14 11	San Diego 13th 12th 11th-14 15 12
<b>AMERICAN LEAGUE</b>		Philadelphia 14th 13th 12th-15 16 13	San Francisco 15th 14th 13th-16 17 14	San Diego 16th 15th 14th-17 18 15	Los Angeles 17th 16th 15th-18 19 16
<b>NATIONAL LEAGUE</b>		San Francisco 18th 17th 16th-19 20 17	Los Angeles 19th 18th 17th-20 21 18	San Diego 20th 19th 18th-21 22 19	Philadelphia 21st 20th 19th-22 23 20

JAPANESE LEAGUES		SWIMMING		TRANSACTIONS	
<b>Central League</b>		<b>FINALS OF SWIMMING</b>		<b>CLEVELAND</b> —Traded Steve Dalkoff, pitcher, to Texas for George Alexander and Mike Anderson, pitchers. Assisted Alexander to Boston.	
<b>Pacific League</b>		<b>EUROPEAN CHAMPIONSHIP</b>		<b>CRICKET</b>	

**DENNIS THE MENACE**

IF OUR NAME IS IN THE PHONE BOOK, WHY ISN'T OUR NAME IN THE "OLD TESTAMENT"?

TRY GENESIS 30:32

AND ALL THE BROWN CATTLE AMONG THE SHEEP?

WOW!

**BLONDIE**

SHOOT! I CAME DOWN HERE TO FIX SOMETHING, BUT I GOT BRING IT WITH ME!

MY MIND MUST BE GOING!

NOW I'VE GOT TO GO ALL THE WAY AND GET IT!

BUT THE QUESTION IS...GET WHAT?

**BEETLE BAILEY**

I WONDER WHO'D WIN IN A FIGHT BETWEEN THOSE TWO?

THAT'S HARD TO SAY

WHO'D WIN IN A FIGHT BETWEEN JULIUS AND LT. FUZZ?

EASY! THEY'D BOTH LOSE!

**DOONESBURY**

THE GREAT ACCIDENT!

FROM THE SMALL RIVER, TEMPS OF MESSURE!

TO THE CORN FIELDS OF IOWA!

IF THE RICE REDDISH OF THE MISSISSIPPI!

WELL, GOOD LUCK, MOM!

THANKS, BEAR, FROM YOUR BOY, BOB!

**WIZARD OF ID**

I SENTENCE YOU TO 100 DAYS OF COMMUNITY SERVICE!

HEY...WHAT HAPPENED WITH JAIL AND A FINE?

LET THIS BE A LESSON TO YOU!

**REX MORGAN**

A CHECKUP IS PROBABLY A GOOD IDEA! JUST GIVE ME A WEEK TO GET SETTLED!

ALL RIGHT--A WEEK, BUT I'VE GOT TO TALK TO JUNE ABOUT SETTING TIME!

YES, MS. DEMIRO--YOUR TRANSFER FROM ZURICH HAS ARRIVED! WOULD YOU LIKE TO OPEN AN ACCOUNT WITH US?

YES, THANK YOU--IT LOOKS AS IF I'LL BE IN TOWN LONGER THAN I EXPECTED!

**GARFIELD**

IF JON'S PERSONALITY WAS ANY LESS COLORFUL, HE'D BE IRVING!

RIGHT, LION?

**JUMBLE** THAT SCRAMBLED WORD GAME

Unscramble these four jumble words to win prizes. In each jumble, one letter is in its correct position.

1. RIMEN

2. HAPES

3. DOHOKE

4. BOLUDE

Now arrange the correct letters to form the correct answer, being guided by the above letters.

Print answer here \_\_\_\_\_

**Garfield** comic strip panels:

Garfield: "If Jon's personality was any less colorful, he'd be Irving!"

Jon: "Right, Lion?"

Garfield: "Right, Lion?"

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DAVE BARRY

Pork Chop Security

MIAMI — Home security. These are two words that we all should have professionally engraved on our brains...

It was about 1:30 A.M., and the Bondurants were asleep in their second-floor bedroom. Judy was not sleeping soundly, however...

Meanwhile, over on the right-hand side of the bed, Tom could not help but notice that, (a) Judy was screaming, and (b) his foot was touching something.

It was a furry thing," he recalled. Tom did not scream. No sir. It does no good to panic in a situation like that...

Now they both could see what was in their bedroom. It was standing on their bed. It was big. It was yellow.

Judy and Tom had never seen it before. They don't have any pets. "We left the room very cautiously," Judy said. The dog stayed on the bed. (Why not?)

Tom and Judy went downstairs and determined that the dog had nosed open their unlocked front door. "We have to get the dog out of the bedroom," Tom said.

He was able to accomplish this by luring the dog outside with a pork chop. The Bondurants then went back to bed, only to discover, the next morning, that the dog was still hanging around outside.

The Bondurants decided they liked the dog. They got some dog food and started feeding him; they were thinking about keeping him. They even thought of a name: "Cardiac." But then they saw a newspaper classified ad referring to a lost dog that looked like this one.

His name was Charley, and he had run off during a thunderstorm. Apparently he wandered to the Bondurants' house, found the door open, went up to the bedroom and decided, based on sniffing Judy Bondurant's foot, that these would be good people to sleep with for the next eight or 12 years.

"I'm going to kill you!" Sniffsniffsniffsniffsniff... "HEY! You're a DOG!" "HEY! YOU'RE a dog!" Sniffsniffsniffsniffsniff... "O.K!"

So anyway, Charley went back to his owners, and the Bondurants are thinking about getting a dog. (Why not?) For the rest of us, there are three major Home Security lessons to be learned from this story:

1. Every home should be equipped — and this advice comes from the National Association of Chiefs of Police, in conjunction with the American Pig Farming Council — with a licensed and registered pork chop.

2. You should keep an eye on those chigger bites, because they can become infected.

3. "Cardiac" is a GREAT name for a dog.

Knight-Ridder Newspapers

Zap! Pow! Comic Superheroes Go PC

New York Times Service

NEW YORK — Look! Up in the sky! It's a bird! It's a plane! It's... Icon?

Although Icon, a red-and-green-clad comic-book superhero, bears similarities to the Man of Steel, there is one big difference: He's black.

Finding heroes like Icon or his female partner, Rocket, would have been difficult five years ago. But today, superheroes who fly in the face of stereotypes — whether they are black, gay or otherwise nontraditional — are zapping and socking villains as lead characters in their own comic books.

Terence Moran, a professor of communications at New York University who studies the effects of popular images on American culture, said that younger people are becoming more receptive to the world's diversity and are more willing to accept comic-book heroes outside their own culture or sex.

"The more diversity you have in any mass-communication form, the better," Moran said. The more people see heroes of all kinds, he added, "the better they'll understand the diversity and complexity of the world around them."

Comic-book heroes who are women or from minority groups are no longer the exclusive domain of small publishers. In February, DC Comics, the oldest publisher of comic books, began distributing the comics of Milestone Media, a black-owned company in New York.

Since then, Milestone has sold more than 3 million copies of its first four titles, "Hardware," "The Blood Syndicate," "Icon" and "Static," all of which feature African-American heroes.

In November, Milestone will begin issuing "Xombie," featuring a Korean-American superhero, and heroes from other ethnic groups are expected to appear in comics produced by the company next year.

Gay characters are also appearing in nationally distributed comic books. Northstar, a character in Marvel Comics' "Alpha Flight," declared his homosexuality last year.

DC Comics, publisher of "Superman" and "Batman," also added a gay character, the Pied Piper, to its "Flash" series.



Denys Cowan, left, and Dwayne McDuffie with black superhero Icon.

Icon, which features graphic violence and strong language and is geared to mature readers.

Marvel's "She-Hulk," the cousin to "The Incredible Hulk," is still going strong after more than 50 issues, along with "Dark Angel" and "Wild Thing," the company's other comic books that feature a woman as the lead character.

Several new projects with heroines are also being developed, including DC's "Batgirl" and "Dark Horse Comics' "Gloster" and "Barb Wire."

However, there have been setbacks for some of the heroines in comic books. Marvel recently canceled "Silver Sable," which featured a female mercenary, Brent Frankenhoff, the associate editor of Comics Buyer's Guide magazine, said that historically female characters do not sell as well as their male counterparts because they are not seen as major heroes by men.

Women, he said, make up only 16 percent of the comic-book-buying population. Moran said comic-book heroines have the same problems as television heroines. "Young boys have trouble accepting females as major heroes," he said. "The interesting thing is that girls have no prob-

lem watching television shows featuring male heroes, which explains why so many females will read comic books with male heroes instead of female."

Milestone's four owners, Derek Dingle, Denys Cowan, Dwayne McDuffie and Michael Davis, started their company to correct what they considered the misrepresentation of African-Americans in comic books.

"You only had two types of characters available for children," said McDuffie, the editor in chief. "You had the stupid angry brute and the he's-smart-but-he's-black characters. And they were all colored either this Hershey-bar shade of brown, a sickly looking gray or purple. I've never seen anyone that's gray or purple before in my life. There was no diversity and almost no accuracy among the characters of color at all."

Comic books with African-American heroes failed in the past because readers thought that the characters were not authentic, or they were repelled by the stereotypes presented, McDuffie said.

The comic-book world is enjoying a tremendous boom right now, partly because of the death of one of its own. More

PEOPLE

3,000 Thai Policemen For 'Dangerous' Star

Bangkok is not taking any chances: More than 3,000 troops and police will guard the stadium when Michael Jackson launches his "Dangerous" world tour in Asia on Aug. 24 and 25. It will take three jumbo jets to get Jackson, his entourage and all their paraphernalia from Los Angeles to Bangkok.

The German town of Passau has won its first battle against Ann Rossmus, the subject of the film "The Nasty Girl" which portrays the reactions of hostility and rage among Passau's citizens as Rossmus began digging up Nazi links. A judge ruled she overstepped the bounds of truth in her latest book, "Wintergreen — Suppressed Murder," due out later this month, in claiming that a Nazi obstetrician, Dr. Franz-Maria Chazew, performed forced abortions on East Europeans. Rossmus accused Chazew of the atrocities in interviews before the book's release, but the judge threatens to fine or imprison her if she continues to do so.

The Spanish soprano Montserrat Caballe, 60, should be out of the hospital in a day or two, a doctor said in Barcelona, where she was hospitalized with minor heart problems.

Prince Charles plans to launch a monthly magazine on one of his passions — architecture — and will write regular articles for it. The magazine is to appear in March.

General Colin L. Powell, the chairman of the Joint Chiefs of Staff, is so confident about his future earning potential that he recently put a contract in on a McLean, Virginia, house that sold for well over \$1 million (asking price was \$1.9 million), according to a source quoted by The Washington Post. The general foresees megabucks after he retires Sept. 30. The Washington Speakers Bureau has already started peddling him for \$60,000 a pop, and there's also an expected \$5 million book deal.

INTERNATIONAL CLASSIFIED Appears on Pages 4 & 7

WEATHER THIS WEEKEND AT THE BEACH

Weather forecast section including tables for Europe, Asia, Africa, North America, Middle East, Latin America, Oceania, and Caribbean and West Atlantic. Includes a map of the world and a beach scene illustration.

If you're going to travel all over the map, here's how to call from almost any point on it.

AT&T Access Numbers advertisement featuring a large image of a man in a suit and a list of international phone numbers for various countries.